

economicletter

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Pakistan

The SBP has issued a circular titled "Derivative Transactions Reporting System" (DTRS) with a view to monitor derivative transactions such as future contracts, forward contracts, options and swap arrangements.

The SBP has issued "Shariah Governance Frameworks" instructions to ensure the overall shariah compliant environment of Islamic Banking Industry (IBI).

The SBP has restored the facility for small importers to avail advance payment facility of up to \$ 10,000/= without firm letters of credit or bank guarantees.

According to SBP total liquid foreign exchange reserves as on April 3 2015 stood at \$ 16.706 bn of which \$ 11.612 bn was held by the SBP and the rest with banks.

Pakistan and Sri Lanka signed 6 memorandums of understanding (MOUs) and agreements to promote bilateral economic cooperation between the two countries. These relate to:

- Bilateral trade.
- Cooperate against illicit drug trafficking;
- Academic cooperation;
- Sports;
- Shipping business;
- Disaster management;
- cooperation between the Pakistan Atomic Energy Commission and Atomic Energy Authority of Sri Lanka.

The cabinet committee on privatization (CCoP) has approved a floor price of Rs. 166 per share for divestment of the residual 609.3 mn shares of Habib Bank Ltd (HBL), held by the government in two phases. In the first phase 250 mn shares would be privatized while the remaining would be off-loaded in the second phase. The privatization proceeds have been placed at \$ 1.2 bn.

The Securities and Exchange Commission of Pakistan (SECP) has revoked the licenses of 108 companies, mainly non-government organizations (NGOs) for not completing the mandatory documentation.

The government expects GDP growth in the current fiscal ending June 2015 to be about 4.3% against the achieved 4.1% in the previous fiscal. The budgetary deficit is projected to be contained at 4.8% of GDP while CPI inflation would be below the target of it being 8.0%.

According to Pakistan Bureau of Statistics (PBS) import cost of cellphones in the first eight months of the current fiscal (July-February 2014-2015) rose to \$ 465.658 mn against \$ 432.433 mn in the same period last fiscal.

According to Pakistan Cotton Ginners Association (PCGA) arrival of new crop seed - cotton (phutti) at ginners across the

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	7.74	7.99	Rs. 150.89	Rs. 110.77	Rs. 101.83	31,413	Rs. 40,500
Ending	7.76	8.01	Rs. 149.1903	Rs. 108.0427	Rs. 101.8530	32,350	Rs. 40,500
Change	-0.02	-0.02	1.6997	1.9197	-0.0203	-937	0

country by end - March 2015 was recorded at 14.838 mn bales, an increase of 11% over the same period last crop season. Arrivals from Punjab and Sindh were higher by 12.9% and 5.7% respectively during the above periods.

China has relaxed further the condition for export of agricultural products from Pakistan particularly of citrus fruits and mangoes by waiving the condition of pre – clearance.

According to IMF, power sector arrears generally known as circular debt stood at Rs. 540 bn by end - January 2015 which equaled 2% of the country's GDP.

The Alternate Energy Development Board (AEDB) has signed the financial close of \$ 119 mn of Tenaga General Ltd (TGL), a private sector subsidiary of Dawood Lawrencpur Ltd, wind farm power project capable of producing 49.5 MW, of clean electricity. Located in Thatta, Sindh, commencement of production is scheduled from September 2016.

The government is expecting wheat production in the ongoing rabi crop season to be well above the target of 26 mn tons against 25.29 mn tons harvested last crop season.

International

A staff study of the IMF has come to conclude that Pakistan still lags behind other emerging economies in key macroeconomic and business climate indicators. The country's GDP growth is well below 5-7% an annum to achieve improvements in living standards. The most dampening factor is the tax - to - GDP ratio which continues to remain one of the lowest in the world.

The reserve Bank of India (RBI) has kept its benchmark repo rate - the rate at which it lends to banks - unchanged at 7.50%.

The Reserved Bank of Australia has left its key lending rate unchanged at 2.25%.

The World Bank has welcomed the formation of China - led Asian Infrastructure Investment Bank (AIIB) hoping that investment in infrastructure where it is most needed would create employment opportunities and reduce poverty levels. It has urged the AIIB to integrate other international banks and set high standards of governance to achieve the desired results.

Iran has been admitted as a founding member of the China - led Asian Infrastructure Investment Bank (AIIB)

Unemployment in the U.S held steady at 5.5% of workforce, lowest for 6 and a half years.

The U.S trade deficit in February fell to \$ 35.4 bn against \$ 42.7 bn in January.

The IMF has come to conclude that fast - growing Islamic finance lacks supervisory and regulatory control for better global banking strides and unless there are put in place some back lash may occur.

The European central Bank (ECB) has launched its programme of buying back bonds issued by ailing economies in the eurozone by purchasing bonds worth 60 bn euros (\$ 65 bn) in March. The monthly purchases are set to reach a final target of 1.1 trn euro. The ECB experts that by injecting the targeted liquidity the Eurozone economies would gain the desired momentum of growth which is already on the anvil and thus would also ward off deflation which is presently well entrenched.



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