

economicletter

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Pakistan

According to SBP, the current account deficit narrowed to \$ 1.606 bn during July – March 2015 – 16 against \$ 1.971 bn in the same period of 2014 – 15.

According to SBP, foreign direct investment (FDI) rose to \$ 957.4 mn during July – March 2015 – 16, higher by 15.0 %, over the same period of 2014 -15. Portfolio investment recorded an outflow of \$340.3 mn compared to \$ 56 mn during the above periods.

According to SBP, agricultural credit disbursement by banks and specialized intuitions rose to Rs. 332.7 bn during July – March 2015 – 16, higher by 15.3 % over the same period of 2014 – 15. The indicative target for the current full fiscal is disbursement of Rs. 600 bn.

A research study of the SBP based on a survey has observed that in the informal sector of the economy, wages paid by

47.6 % firms are below the minimum levels prescribed by the government. The proportion in the formal sector of the economy stands at 17.5 %. The differential particularly relates to white-collar workers.

The SBP has allowed Sindh Microfinance Bank Ltd. to commence operations.

According to SBP, total liquid foreign exchange reserves as on April 15, 2016 stood at \$ 20.771 bn of which \$ 16.027 bn was held by SBP and the rest with banks.

Arrival of new crop seed cotton (phutti) at ginneries (PCGA data) by mid-March at 9.768 mn bales, represented a decrease of 34.28 % over the same period last crop season. Arrivals from Punjab and Sindh were lower by 44.88 % and 5.71 % respectively.

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. 148.7	Rs. 117.75	Rs. 105.65	33,767	Rs. 42,128
Ending	6.12	6.37	Rs. 150.7	Rs. 118.5	Rs. 105.55	33,739	Rs. 42,227
Change	+0.01	+0.01	+2	+0.75	-0.1	-28	+99

Export earnings of textiles and clothing (PBS f.o.b. data) during July – March 2015 – 16 fell by 8.15 % to \$ 9.363 bn, period-on-period.

The large – scale manufacturing (LSM) sector registered a growth (PBS data) of 4.35 % during July – February 2015 – 16, period-on-period.

Merchandise export earnings (PBS f.o.b. data) fell to \$ 15.606 bn during July – March 2015 -16 against \$ 17.921 bn in the same period of 2014 – 15.

Merchandise import payments (PBS f.o.b. data) fell to \$ 32.515 bn during July – March 2015 -16 against \$ 33.948 bn in the same period of 2014 – 15.

The services sector trade deficit (PBS data) rose marginally by 0.06 % to \$ 01.462 bn during July – February 2015 – 16, period-on-period.

The IMF has projected Pakistan's public debt to rise from 64.4 % of GDP in 2015 to 65 % of GDP in 2016 before tapering off to 55.6 % of GDP in 2018.

International

The Chinese economy is estimated to have grown by 6.7 % in the first quarter of 2016, compared to the growth of 6.8 % in the last quarter of 2015.

The World Bank has signed a formal agreement with the China-led Asian Infrastructure Investment Bank (AiIB) to co-finance projects with it.

India's export earnings in the April – March 2015 – 16 fiscal at \$ 261.1 bn was lower by 15.9 % over the previous fiscal. Import payments also were lower by 15.3 % at \$ 379.6 bn during the above periods.

The U.K. government has forecast that the national economy may shrink by 6.0 % if the June 23 referendum votes to British pullout (Brexit) from the European Union.

The IMF has stated that global debt levels are now highest since the end of World War II. The average debt levels at 107 % of GDP are owed by advanced economies topped by 250 % of GDP by Japan. In the emerging market economies, the average of it is below 50 % of GDP.



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