

# economicletter

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## Pakistan

According to SBP, home remittance in the first nine months of the current fiscal (July-March 2014-15) rose to \$ 13.327 bn against \$ 11.586 bn in the same period of 2013-14 registering an increase of 15% during the above periods.

According to SBP total liquid foreign exchange reserves as on April 10, stood at 16.818 bn of which 11.759 bn was held by the SBP and the rest with banks.

According to the Chairman, Privatization Commission, the Cabinet Committee on Privatization (CCoP) has given its approval for divestment of 41.5% residual shares held by the government in Habib Bank Ltd at a strike price of Rs. 168 per share. The yield has been placed at \$ 1.02 bn with a foreign exchange component of \$ 764 mn and local currency component of Rs. 24.567 bn.

The IMF is expecting the economy to expand by 4.3% in the current July-June 2014-2015 fiscal with the prospects of growing faster in the next 2015-16 fiscals, Budgetary deficit is being forecast at 4.7% of GDP followed by a fall to 3.8% of GDP during the above periods.

The World Bank in its latest assessment has projected GDP growth in 2014-15 at 4.4% to be followed by a growth of 4.6% in 2015-16. It has opined that while the potential growth is higher it is constrained due to energy shortages.

According to Pakistan Bureau Statistics (PBS), total merchandise export earnings during the first nine months of the current fiscal (July – March 2014-15) declined to \$17.937 bn against \$19.072 bn in the same period last fiscal. Total merchandise import payments stood at \$45.110 bn against \$44.950 bn during the above periods.

According to PBS, the services sector export earnings during July-February 2014-15 rose to \$4.226 bn against \$3.442 bn in the same period of 2013-14. Import payments of the sector rose to \$5.351 bn against \$5.260 bn during the above periods.

According to Pakistan Automotive Manufacturers Association, total sales of cars during July-March 2014-15 rose to 105,344 units in the same period of 2013-14.

## 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	7.76	8.01	Rs. 149.19	Rs. 108.04	Rs. 101.85	32,350	Rs. 40,500
Ending	7.61	7.86	Rs. 152.48	Rs. 109.69	Rs. 101.51	33,234	Rs. 40,800
Change	0.15	0.15	-3.29	-1.65	0.34	-884	300

According to All Pakistan Cement Manufacturers Association, **total despatch of cement** in the first nine months of the current fiscal (July – March 2014-15) registered an increase of **8.43%** over the same period last fiscal to 20.34 mn tones, Although **exports** during the above periods was **lower by 9.58%** it was more than offset by despatches in the domestic market.

## International

China's economic expansion slowed to **7.0%** in the first quarter of 2015, the slowest quarterly pace for six years, against 7.3 % in the last quarter of 2014.

Germany, the largest European economy is to reduce progressively its **public debt** from 74.7% of GDP in 2014 to 61.5% of GDP by 2019.

The central bank of Indonesia, the largest Southeast Asian economy, has left its key lending rate unchanged at **7.50%**.

The central bank of Sri Lanka has cut its standing deposit facility (SDF) and the standing lending facility (SLF) rates by 50 basis points each to **6.00%** and **7.50%** respectively.

CPI inflation in India in March was recorded lower at 5.17% against 5.37% in February, both year-on-year.

CPI inflation in China held steady at 1.4% in March, the same as in February, year-on-year.

China recorded a **trade surplus** of \$123.70 bn in the first quarter of 2015 with exports raising by 4.7% and imports falling by 17.6% over the same quarter of 2014.

**Moody's Investors Service** has upgraded South Korea's rating outlook from "stable" to "positive" while affirming its "Aa3" rating. The main reasons behind the upgrade have been cited as improvement in the country's management of debt at public firms and external debt.

Standard e Poor's has downgraded Ukraines foreign currency rating by a notch from "CCC" to "CC" with outlook as negative citing its failure to restructure its foreign debt as the main factor behind the downgrade.

The China-led Asian Infrastructure Investment Bank (AIIB) has started operations with 57 founding members.

**The IMF** has revised upwards GDP growth prospects of Thailand's economy, second largest in Southeast Asia after Indonesia, from 3.5% to 3.7% in 2014.

Qatar opened the Middle-East's first centre for clearing transactions in Yuan, the Chinese currency, with a view to bolster trade between China and the Gulf countries.

The World Bank in its latest forecast expects East-Asian economies to grow by a **slower pace** of 6.7% both in 2015 and in 2016 compared to a growth of 6.9% achieved in 2014. The region includes China.



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