

economicletter

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Pakistan

According to SBP, private foreign direct investment (FDI) in the first nine months of the current fiscal (July - March 2014-2015) rose to \$ 710.1 mn against \$ 709.1 mn in the same period of 2013 - 14. Portfolio investment was recorded at \$ 100.6 mn against \$ 35.6 mn during the above periods.

According to SBP, the current account deficit during July - March 2014 - 15 narrowed to \$ 1.456 bn against \$ 2.692 bn in the same period of 2013 - 14.

According to SBP, China emerged as the largest investor by providing \$ 178.3 mn by way of foreign direct investment (FDI) in the first nine months of the current fiscal (July - March 2014 - 15). Its contribution in the total private FDI of \$ 710 mn during the above period stood at 25 %.

According to SBP agricultural credit disbursement by banks and specialized institutions during July - March 2014 - 15 rose to Rs. 326.1 bn against Rs. 255.7 bn in the same period last fiscal equaling 65 % of the full fiscal target of Rs. 500 bn.

The SBP has issued fresh instructions and guidelines for banks to ensure better management of interest rate risks relative to handling of their assets and liabilities.

According to SBP, total liquid foreign exchange reserves as on April 17, 2015 stood at \$ 17.491 bn of which \$ 12.364 bn was held by the SBP and the rest with banks.

The Chinese President on an official visit to Pakistan has signed 51 agreements and memorandums of understanding (MOUs) valued at \$ 46 bn of which \$ 28 bn worth of projects are on a fast-track basis in various sectors of the economy. The relatively more important projects relate to sectors noted below:

- solar and hydel power;
- trade of merchandise goods and services;
- communication;
- media, both print and electronic;
- nuclear civilian energy;
- Gwader port and international airport;
- Chinese investment in industrial parks;
- railways;
- silk - road upgradation;
- defence cooperation;
- security cooperation;
- space and maritime development;
- scientific research.

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	7.61	7.86	Rs. 152.48	Rs. 109.69	Rs. 101.51	33,234	Rs. 40,800
Ending	7.53	7.78	Rs. 152.31	Rs. 108.91	Rs. 101.61	33,775	Rs. 40,285
Change	0.08	0.08	0.17	0.78	-0.1	-541	515

According to Pakistan Cotton Ginners Association (PCGA), arrival of seed - cotton (phutti) of the new crop across ginneries by mid - April was recorded at 14.86 mn bales, higher by 11% over the last crop season. Arrivals from Punjab and Sindh were higher by 13.07 % and 5.70 % respectively during the above periods.

China is to provide a \$ 3.8 bn line of credit to upgrade and modernise Pakistan Railways on a fast - track basis. The main focus would be on maintenance of locomotives, scanning, communication network and tracking system.

According to PBS, total merchandise export earnings during July - March 2014 - 15 stood at \$ 17.930 bn against \$ 19.072 bn in the same period last fiscal. Total merchandise import payments during the above periods was recorded at \$ 33.997 bn against \$ 33.032 bn.

The International Finance Corporation (IFC), the private sector arm of the World Bank group; is to acquire part of the residual shares of HBL being divested by the government by making an equity investment of \$ 75 mn.

According to Federal Board of Revenue (FBR) updated data gross revenue collection in the first nine months of the current fiscal (July - March 2014 - 15) stood at Rs. 1.767 trillion, higher by 12.2 % over the same period last fiscal.

The government has awarded a \$ 1.5 bn contract to a Chinese firm to build the world's largest solar power plant capable of generation 900 MWs of cheap electricity, located at Bahawalpur in the province of Punjab.

International

Foreign direct investment into China excluding the financial sector during the first quarter of 2015 was recorded at \$ 34.88 bn, higher by 11.3% over the same January - March quarter of 2014.

The Industrial and Commercial Bank of China (ICBC), the largest bank of the country, has opened its first Yuan clearing bank in Thailand to facilitate trade and investment interests in the Southeast - Asian region.

China is to open its market for clearing domestic banks card transactions to allow international firms have a stake in it. The measure would be introduced from June. The size of the market for such transactions was valued at \$ 6.84 trillion in the full year of 2014.

The central bank of Turkey has left its main lending rate unchanged at 7.50 %.

Japan posted a trade surplus of \$ 1.9 bn in March, the first surplus since June 2012.

The Russian economy shrank by 2.0 % in the first quarter of 2015, the first contraction since any quarter of 2009.

The German government has revised upwards growth prospects of the economy from 1.5 % in 2015 and 1.6 % in 2016 to 1.8 % for both years.



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