

# economicletter

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## Pakistan

According to SBP, repatriation of profits and dividends by foreign firms operating in the country during July - March 2014 - 15 rose to \$ 1.05 bn against \$ 823.40 mn in the same period of 2013 - 14.

The SBP has allowed due diligence to Bank Islami to takeover and merge with the KASB Bank Ltd.

According to Pakistan Bureau of Statistics (PBS) export earnings of non - textile products during the first nine months of the current fiscal (July - March 2014 - 15) fell to \$ 7.720 bn against \$ 8.703 bn in the same period of 2013 - 14. The products comprise mainly of rice, cement, sugar, carpets and rugs, surgical, sports and leather goods as also food products.

The Ministry of Finance has notified the formation of the 9th National Finance Commission (NFC) to distribute resources between the federal and provincial governments. Once approved, it would hold good for the next five years.

According to the Federal Minister for Water and Power, the government has added 1,500 MWs of electricity during the course of last one year raising total output from 10,000 MWs to 11,500 MWs.

The Water and Power Development Authority (WAPDA) has signed an agreement with Power Construction Company of China for a 132 KV transmission line from Duber Khawar Hydro power station to ensure power supply for construction of Dasu hydropower project. The construction cost has been placed at Rs. 1.583 bn.

According to the Trade Development Authority of Pakistan (TDAP) bilateral trade volume between Pakistan and Vietnam has increased from \$ 92 mn in 2007 to \$ 420 mn in 2014. The two countries have agreed to cooperate to help Pakistan increase its sea - food exports.

According to the Federal Commerce Minister, measures are being put in place to enhance bilateral trade volume with Iran to \$ 5.0 bn an year in the near future against the current volume of \$ 1.0 bn.

The Securities and Exchange Commission of Pakistan (SECP) has notified new regulations governing the real estate investment trust (REIT) easing thereby the requirements for establishing such funds.

The Deputy Governor of the SBP has forecast that branchless banking accounts by end-December 2014 which stood at 5.4 mn has a potential to rise to 45 mn over the next three years.

## 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	7.53	7.78	Rs. 152.31	Rs. 108.91	Rs. 101.61	33,775	Rs. 40,285
Ending	7.14	7.39	Rs. 157.1840	Rs. 113.7461	Rs. 101.7043	33,729	Rs. 40,414
Change	0.39	0.39	-4.874	-4.8361	-0.0943	46	-129

He was of the opinion that the current number of 9,000 automated teller machines (ATMs) was insufficient to meet the growing demand of mobile wallets.

Bestway Cement, a subsidiary of the U.K. based Bestway Group, is to invest \$ 30mn in its cement factory in Chakwal in the province of Punjab with a view to raise its current production capacity of 2.5 mn tones a year.

The Port Qasim Authority (PQA) has signed an agreement with Port Qasim Electric Power Company to establish a coal fired electric plant capable of generating 1,320 MWs of electricity. The cost of the project has been placed at \$ 1.75 bn which he would be financed mostly with Chinese help.

The Asian Development Bank (ADB) has signed a credit line of \$ 42.9 mn for improving the irrigation network in the Federally Administred Tribal Areas (FATA) region.

The Punjab government has signed a memorandum of understanding (MoU) with the Industrial and Commercial Bank of China (ICBC) under which the Bank would provide technical cooperation in various sectors of the provincial economy including financial assistance.

## International

Global GDP growth is currently being anticipated at 3.4 % in 2015 against earlier expectation of it being 3.7 %, a level now forecast for 2016. The growth in the euro block is estimated at a positive pace of 0.4 % this year which though modest compares well with years of recession in the group since the international financial crisis of 2008.

Germany attracted a record private foreign direct investment (FDI) of 3.2 bn euros in 2014, higher by 18.5 % over 2013.

Fitch rating agency has lowered Japan's sovereign credit rating by a notch from "A+" to "A" citing the country's inability to plug its budgetary gap and a high level of public debt as the main reasons behind the downgrade.

According to Chinese Labor Ministry, unemployment in urban China was recorded at 4.05 % of workforce in the quarter ending March 2015 against 4.10 % in the quarter ending December 2014. Taking rural joblessness into account, an official survey has placed unemployment at 5.1 % of total workforce by end – March 2015.

China's manufacturing output measured by internationally recognized purchasing manager's index (PMI) has been estimated by HSBC to have been 49.2 in April, a 10 – month low, compared to 49.6 in March. A level below 50 of any advanced economy is indicative of a slowing economy. China's economic growth in the first quarter of 2015 slowed to 7.0 % against 7.3 % in the last quarter of 2014.

Deutsche Bank, the largest German bank, is to pay a penalty of \$ 2.5 bn to the U.S. and British Regulatory authorities for illegal manipulation to its advantage of benchmark interest rates.

Chinese oil import from Iran at 2.71 mn tones in March was a 10 - month high and was higher by 20 % over the February import level.



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