

# economicletter

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## Pakistan

According to SBP, banks new investment in government backed treasury bills January – November 2015 stood at Rs. 1.2 trillion against Rs. 699 bn in the same period of 2014.

The SBP Governor has urged foreign exchange companies to take appropriate measures to curb volatility in exchange rates in the Kerb market.

According to SBP, housing finance portfolio of banks, DFIs, and specialized institutions by end – November 2015 stood at Rs. 58.02 bn compared to Rs. 53.65 bn at end-November 2014.

According to SBP, total liquid foreign exchange reserves as on December 25, 2015 stood at \$ 21.074 bn of which \$ 16.172 bn was held by SBP and the rest with banks.

The Prime Minister has laid the foundation stone of the western route via Baluchistan of the China – Pakistan Economic Corridor (CPEC) project.

The Prime Minister has announced the National Health Programme, focused in the first phase too meet the medical needs of the poorest of the poor 3.1 million people in the country via providing them free medical care of every sort across the country.

The Prime Minister has allowed a cut of Rs. 3.0 per unit in power tariff for industrial consumers across the country to help reduce their cost of production marking thereby their products more competitive in world markets.

The government has identified 27 special economic zones (SeZs) as a step towards investment as the China – Pakistan Economic Corridor (CPEC) starts unfolding itself.

## 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	6.27	6.52	Rs. 160.7	Rs. 116.25	Rs. 106.25	33,048	Rs. 37,885
Ending	6.01	6.51	Rs. 156.95	Rs. 115.5	Rs. 106.10	33111	Rs.38,014
Change	0.26	0.01	-3.75	0.75	+0.15	-63	-129

The National Electric Power Regulatory Authority (Nepra) has allowed a cut of Rs. 2.06 per unit in power tariff for all the distribution companies under its aegis for November by way of its monthly fuel adjustment policy.

Palm oil imports (PBS f.o.b. data) during July – November 2015 fell to \$ 76.93 mn against \$ 79.33 mn in the same period of 2014.

## International

The Bank of Spain, the central bank of the country, has forecast a GDP growth of 3.2 % in 2015 to be followed by a growth of 2.8 % in 2016. The Spanish economy is the fourth largest after Germany, France and Italy.

China is to provide \$ 2.4 bn over the next three years to cover the bad debts of local governments.

Mergers and acquisitions of private limited companies around the globe reached a level of \$ 5.01 trillion in 2015, higher by 37 % over 2014.

Saudi Arabia has provisionally recorded a budgetary deficit of \$ 98.0 bn in 2015 mainly because of falling oil prices. The kingdom hopes to bring it down to \$ 87.0 bn in 2016 via cuts in subsidies presently available.

Unemployment claims in the U.S in November hit a 42 – year low, as a further signal that the economy is heading for a strong growth. This follows the Federal Reserve decision to raise its interest rate from zero percent for the last eight years to 0.25 % last week.

According to a U.N study world economic growth is anticipated at 2.4 % in 2015 the fastest pace since the global meltdown following the financial crisis of 2008. The study expects it to rise to 2.9 % in 2016 and then to 3.2 % in 2017.

The Philippines has applied for joining the China – led \$ 100 bn Asian Infrastructure Investment Bank (AIIB) scheduled to start operating from January 2016 in partnership with 20 founding members.

Oman, a rich Gulf oil producer, following the foot-steps of Saudi Arabia is to cut subsidies currently being provided in the oil and other sectors and is also to introduce spending cuts to reduce budgetary deficit as international oil prices continue to plummet and are seen to be at low levels for about the next 4-5 years.



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