

economicletter

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Pakistan

The **SBP Governor**, addressing the Regional Consultative Group Asia (RCGA) has emphasized the **importance of financial technology and cyber security** in an increasing technology dependent world and has urged greater cooperation to off-set potential cyber-crimes while simultaneously promoting financial technology to the advantage of end-users.

The **SBP** has directed banks to get their **cash processing machines** cleared by the SBP by June 30, 2016.

According to **SBP**, the **services sector trade deficit** narrowed to \$ 1.757 bn during the first ten months of the current fiscal (July – April 2015 – 16) compared to \$ 2.107 bn in the same period last fiscal.

The SBP is to demonetise old design banknotes of the values of Rs. 10, 50, 100 and 1,000 by December 1, 2016. Old design banknotes of Rs. 5 and 500 already stand demonetized.

The **SBP** has directed banks to pay greater attention to **senior citizens and pensioners** in operating their accounts.

According to **SBP**, **total liquid foreign exchange reserves** as on 27 May 2016, stood at \$ 21.601 bn of which \$ 16.807 bn was held by SBP and the rest with banks.

Some of the relatively more important assessments and forecasts of **Pakistan Economic Survey 2015 – 16** are noted below:

- **GDP growth** in the current July – June 2015 – 16 fiscal may be 4.71 % against the target of 5.5 %;
- **Industrial sector growth** may be 6.8 % against the target of 6.4 %;
- The **large-scale manufacturing (LSM)** sector may grow by 4.6 % against the target of 6.4 %;

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	5.90	6.15	Rs. 154.99	Rs. 118.19	Rs. 105.65	36,540	Rs. 41,485
Ending	5.89	6.14	Rs. 153.70	Rs. 117.75	Rs. 105.65	37,223	Rs. 40,800
Change	-0.01	-0.01	-1.29	-0.44	+0	+683	-685

- The services sector growth would meet the target of 5.7 %;
- The agricultural sector would face a contraction of 0.19 against the targeted growth of 3.9 %, driven mainly by a drop of 27.8 % in the production of cotton;
- Merchandise export earnings fell by 13 % in the first nine months of the current fiscal over the same period last fiscal;
- CPI inflation would be about 3 % against its targeted containment at 6.0 %;
- Private sector credit off-take has registered a rise of 8.3 %;
- Investment to GDP ratio improved by 5.78 % with private sector share being higher by 3.7 %;
- Although gross tax collection by the FBR rose by 19 % during July – April 2015 – 16 over the same period of 2014 – 15, it was yet short of target;
- Foreign exchange reserves have sustained record levels of above \$ 21 bn;
- The war on terror cost the economy \$ 5.56 to cumulate at \$ 118.3 bn.

CPI inflation (PBS data) during July – May 2015 – 16 averaged 2.82 % against 4.65 % in the same period of 2014 – 15. Food inflation in May was recorded at 0.6 %, year-on-year. Non-food-non-energy (NFNE) trimmed core inflation registered an increase of 4.6 % in May over April.

International

According to the U.S. Commerce Department revised estimate, the U.S. economy grew by an annualised pace of 0.8 % in the first quarter of 2016 against earlier estimate of it being 0.5 %.

GDP growth in India has been provisionally placed by the government at 7.6 % in the last fiscal ending March 2016.

The Federal budget of Bangladesh has planned an outlay of \$ 43 bn in its July – June 2016 – 17; fiscal with main focus on the development of infrastructure.

China is to open investments, currently restricted, by foreign firms in various sectors of technology notably e-commerce, logistics, accounting and auditing – as also in other service related areas.

Brazil, the largest Latin American economy, is to lift current restrictions on foreign ownership of its agricultural land.

The Greek economy shrank by 0.5 % in the first quarter of 2016 over the last quarter of 2015.



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