

economicletter

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Pakistan

The **SBP** in its **quarterly performance review** of the banking system for January – March 2016 while reaffirming its soundness has emphasized satisfaction over its capital adequacy ratio (**CAR**) at 16.30 %, well above the local benchmark of 10.25 %; and international benchmark of 8.625 %.

According to **SBP, home remittances** during July – May 2015 – 16 rose to \$ 17.841 bn, higher by 5.6 % over the same period of 2014 – 15.

According to **SBP, external debt servicing** fell to \$ 4.308 bn during July – March 2015 – 16 against \$ 5.302 bn in the same period of 2014 – 15.

The **SBP** has issued fresh instructions for banks to ensure **electronic payment cards security**.

According to **SBP, total liquid foreign exchange reserves** as on 10th June 2016, stood at \$ 21.415 bn of which \$ 16.546 bn was held by SBP and the rest with banks.

The provincial government of **Sindh** has unveiled a **budgetary outlay** of Rs. 869.1 bn for the July – June 2016 -17 fiscal with a deficit of Rs. 14.6 bn. The size of the annual development programme (ADP) has been set at Rs. 225 bn.

The provincial government of **Punjab** is to launch a Rs. 1.681 trn **budget** for the 2016 – 17 fiscal with a revenue shortfall of Rs. 362 bn. The size of the ADP has been set at Rs. 550 bn.

The provincial government of **Khyber Pakhtunkhwa** has unveiled a **budget** of Rs. 505 bn for the 2016 -17 fiscal with an ADP size of Rs. 161 bn.

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	5.87	6.12	Rs. 151.45	Rs. 118.50	Rs. 105.00	36,940.88	Rs. 41,528
Ending	5.86	6.11	Rs. 149.70	Rs. 118.70	Rs. 105.30	38,776.94	Rs. 42,685
Change	-0.01	-0.01	-1.75	+0.2	+0.3	+1836.06	+1157

Morgan Stanley Capital International has upgraded Pakistan Stock Exchange (PSX) to Emerging Markets Index from frontiers market index to be effective from June 1, 2017. The upgradation is likely to attract \$ 700-800 mn by foreign private investors in the country's economy.

Merchandise trade deficit (PBS f.o.b. data) during July – May 2015 – 16 widened to \$ 21.166 bn against \$ 19.599 bn in the same period of 2014 – 15.

Export earnings of non-textile products (PBS f.o.b. data) during July - April 2015-16 at \$ 6.93 bn was lower against \$ 8.64 bn in the same period of 2014-15.

The Central Directorate of National Saving (CDNs) has reduced the rate of return on its various savings schemes by varying margins following the cut in SBP's discount rate with which it is pegged.

International

The U.S Federal Reserve has left its lending rates unchanged.

The Bank of Japan has left its lending rates unchanged.

The Reserve Bank of Australia has left its key lending rate unchanged at 1.75 %.

The central bank of Russia has cut its main lending rate by 0.50 % to 10.50 %, the first reduction since July 2015.

CPI inflation in India registered a rise of 5.76 % in May compared to 5.40 % in April, both year-on-year.

CPI inflation in China fell to 2.0 % in May against 2.3 % in April, year-on-year.

Saudi Arabia has unveiled its first programme of "Vision 2030" under which it would create 450,000 non-government new jobs by 2020, boost non-oil revenues and cut the cost of public wages.

Bangladesh export earnings during July-May 2015-16 rose to \$ 30.7 bn, higher by 8.9 % over the same period of 2014-15, aided by a growth of 9.4 % in ready-made garments to \$ 25.1 bn.

The central bank of India has set end – 2017 as the deadline to cleanup the balance sheets of the 27 public sector banks currently loaded with \$ 2.7 bn of bad debts. The Ministry of Finance has earmarked \$ 3.7 bn for state-run banks recapitalisation.



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