

# economicletter

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## Pakistan

The SBP has directed all banks and DFIs not to provide any banking service to any proscribed entity or Pearson or to their associate's whether under the proscribed name or under a different name.

The SBP has allowed a ceiling of \$ 5,000 on foreign exchange companies by way of transferring abroad to individual on account of medical expenditure or on account of study expenses in any single year without its prior approval.

The SBP has enhanced limits of financing by banks of its Export Finance Scheme (EFS) and Islamic Export Refinance Scheme (IERS).

The SBP has extended the deadline for International Bank Account Number (IBAN) for banks by six months.

According to SBP, total liquid foreign exchange reserves as on June 26, 2015 stood at \$ 18.201 bn of which \$ 13.088 bn was held by SBP and the rest with banks.

According to a press release of the International Monetary Fund (IMF), the Executive Board of the IMF has approved the release of \$ 506.4 mn of its Extended Fund Facility (EFF) tranche.

The National Electric Power Regulatory Authority (Nepra) has notified a refund of Rs 2.86 per unit by all the distribution companies under its aegis for April by way of its monthly fuel adjustment policy.

The Securities and Exchange Commission of Pakistan (SECP) has approved the Book Building Regulations, 2015 aimed primarily to facilitate Initial Public Offerings (IPOs) in addition to stabilize the stock markets generally.

The Sindh High Court has directed the government to release about Rs. 15 bn to companies under the head of Workers Profit Participation Fund by June 30, 2015.

The Asian Development Bank (ADB) is to provide \$ 220 mn to help the government build hazard – resilient like floods, infrastructure across the country where most needed.

## International

The U.S. economy expanded by 2.9 % in the fall 2014 year over the full 2013 year.

## 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	6.73	6.98	Rs. 160.30	Rs. 114.02	Rs. 101.78	33,885	Rs. 39,300
Ending	6.78	7.03	Rs. 158.95	Rs. 112.97	Rs. 101.74	35,456	Rs. 38,828
Change	+0.05	+0.05	-1.35	-1.05	-0.04	+1571	-472

The People's Bank of China, the central bank of the country, has cut benchmark interest rate by 25 basis points to 4.85 % and deposit rates also by 25 basis points to 2.0 %.

India has signed a \$ 20 bn deal with a Japanese bank to build solar and wind farm power plants around the country's coal belt capable of generating 100 gigawatts of energy in two phases. Full capacity production is scheduled by 2022.

The Bank of International Settlement (BIS), the central bank of all central banks of the world, has come to conclude that very low interest rates in economies around the globe was stifling growth and was contributing towards higher debt portfolios as new investment was shying away for lack of adequate return.

GDP growth in Vietnam, the third largest economy in Southeast Asia after Indonesia and Thailand, registered a growth of 6.28 % on the first half of 2015 against 5.18 % in the same half of 2014, year-on-year.

South Korea has unveiled a plan to introduce a \$ 14 bn stimulus package along with a historic low interest policy to boost growth particularly in the export sector, the key vehicle in the country's GDP growth slowing signs of sagging lately.

The International Monetary Fund (IMF) has forecast that GDP growth in South Africa would remain weak at 2.0 % both in 2015 and 2016, although higher against 1.6 % in 2014.

Mexico has emerged as the largest single country investor in Cuba after sanctions were lifted against it accounting for owning 70 % of its external debt worth \$ 500 mn.

China plans to abolish limits on lending by a bank allowing flexibility in the operations. The measure is being seen as a further step to opening of the economy particularly for foreign investors.

The United Nations has forecast that global foreign direct investment (FDI) after having fallen by 10 % in 2014 over 2013 to \$ 1.23 trn would rebound by about 11 % to \$ 1.40 trn in 2015.

Spain's economy, the fourth largest in the Eurozone after Germany, France and Italy, posted a growth of 4.0 % in the first half of 2015 with the government forecasting of returning to the pre - crisis era by end – 2016.

The Founding Members have formally signed the Framework of the China-led Asian Infrastructure Investment Bank (AIIB). The initial authorized capital would be \$ 100 bn while the initial paid up capital has been set at \$ 10.0 bn.

The European Bank for Reconstruction and Development (EBRD) has expressed its intention to join the China – led \$ 100 bn Asian Infrastructure Investment Bank (AIIB).

Venezuela has signed a \$ 500 mn credit deal with Iran to promote bilateral trade and investment projects.



**Editor: Syed Mahdi Mustafa [M.Sc. London School of Economics] | Composer: Jahangir Ishaq**

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan  
Phone: (021) 35277538 | Fax: (021) 35222416 | Email: publications@ibp.org.pk | Website: www.ibp.org.pk

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