

# economicletter

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## Pakistan

According to SBP, home remittance in the July – June 2014-15 fiscal rose to an all-time high at \$ 18.454 bn against \$ 15.837 bn in the same period of 2013-14, a rise of 16.5%.

According to SBP, the level of non-performing loans (NPL's) of small and medium enterprises (SMEs) fall by about Rs. 50 bn in the first quarter of 2015 (January – March) a fall of 6.0 over last October – December quarter of 2014. In absolute terms, the level was recorded at Rs. 82.13 bn against Rs. 87.05 bn.

According to SBP, total assets of the Islamic Banking Industry (IBI) was recorded at Rs. 1.3 trn by end - first quarter (January – March) of 2015 having grown by 3.5% over the last quarter (October – December) of 2014. The market share of the Industry remained constant at 10.4% in the overall banking system despite a growth of 3.5% during the above quarters.

The SBP has licensed a private sector microfinance bank to undertake Islamic banking operation as a pilot project.

Prospects have brightened for the execution of the Iran – Pakistan gas pipeline project following the lifting of most of the sanctions by Western Powers led by the U.S. which were hinging over Iran's nuclear programme which have now been resolved. Iran has already built its side of the pipeline and has offered Pakistan a credit line to build its side of the pipeline.

Pakistan is to join the Shanghai Cooperation Organization (SCO) which is dominated by China and Russia and includes Central Asia Republics (CARs). This would help Pakistan in higher trade and investment foothold in the region, much to its advantage.

The Securities and Exchange Commission of Pakistan (SECP) has initiated probe in the operation of 23 foreign non-governmental organizations (NGOs) ostensibly involved in dubious functioning.

According to Pakistan Automotive Manufacturers Association, total number of locally assembled car sales rose to 151,134 units in the 2014-15 fiscal against 118,102 units last fiscal.

A Norwegian firm is to build a solar power plant in the Punjab with a capacity to generate 150 mws of cheap and clean electricity in partnership with a Pakistani firm, in three phases of 50mws each costing \$ 300 mn each plant on the build-operate-own basis. The first plant would be operable by 2017.

According to Oil Marketing Advisory Committee, refined oil sale in the July-June 2014-15 fiscal was recorded at 22.2 mn tons, higher by 4% over the previous fiscal.

The Securities and Exchange Commission of Pakistan (SECP) registered 5001, new private limited companies both of domestic and foreign origin in the 2014-15 fiscal higher by 9% over the 2013-14 fiscal.

## International

Greece has secured a \$ 96 bn bailout deal, third since 2010, from the European Union (EU) under its European Stability Mechanism programme enabling the country to meet its debt repayment obligations to the European Central Bank (ECB) and

the International Monetary Fund (IMF). The country's request for debt write-off was rejected. The new conditionalities are worse than those rejected by the people in the July 5, 2015 referendum. The latest bailout package repayable over the next five years has enabled Greece to remain in the Euro Bloc.

China posted a merchandise trade surplus of \$ 46.54 bn during January – June 2015, higher by 47.5% over the same half of 2014.

CPI inflation in India was recorded at 5.40 % in June against 5.01 % in May, both year- on-year.

The central bank of Malaysia has left its key policy rate unchanged at 3.25%.

Saudi Arabia is to issue bonds worth \$ 4.0 bn to cover the country's looming budgetary deficit. The issuance would be the first since 2007.

Multilateral lenders including the IMF appear set to invest \$ 400 bn over the next three years aimed at achieving sustainable growth in countries where they are most needed.

Kuwait's total liquid foreign exchange reserves were recorded at \$ 592 bn by end April – March 2014-15 fiscal having increased by \$ 53 bn over the preceding fiscal, the oil prices slump during the period notwithstanding.

Japan posted a current account surplus for the eleventh successive month at \$ 15.36 bn in May, higher by 38.0% over the same month of 2014.

CPI inflation in Brazil, the largest Latin-American economy held at 8.89% in June, unchanged from the May level both year-on-year.

Russia has signed a deal to supply 200,000 barrels of oil per day (bpd) for the next ten year to the second largest oil refinery in India.

The Bank of England (BoE) has left its key lending rate unchanged at 0.50%.

The International Monetary Fund (IMF) has lowered its global growth prospects to 3.3% in 2015 against earlier estimates of it being 3.5% mainly done to the ripple effects of the financial crisis in Europe.

The World Bank has approved a credit line of \$ 350mn to Iraq to rebuild its war-torn infrastructure network.

A United Nations report has shown that as a consequence of the implementation of Millennium Development Goals (MDG) absolute poverty of those earning \$ 1.25 or less a day has halved to 800 million people as of now against 1.9 billion people in 1990, globally.



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