

economicletter

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Pakistan

According to SBP, repatriation of profits and dividends by foreign firms operating in Pakistan rose to \$ 802 mn during July – November 2015 against \$ 640 mn in the same period of 2014.

According to SBP, non-performing loans (NPLs) of housing finance provided by banks, DFIs, and specialized institutions fell to Rs. 14.12 bn during July – November 2015 against Rs. 15.51 bn during the same period of 2014.

The SBP has issued fresh instructions for banks and DFIs relative to their debt management portfolio to ensure lower levels of non-performing loans (NPLs).

According to SBP, total liquid foreign exchange reserves as on Jan.01,2016 stood at \$ 20.810 bn of which \$ 15.883 bn was held by SBP and the rest with banks.

The government has unveiled a tax amnesty scheme under which non-filers of tax returns can enter the tax net by paying a variable amount as proportionate to their unfiled income as a one-time fee/penalty.

According to Pakistan Bureau of Statistics (PBS) inflation measured by the consumer price index (CPI) in December 2015 registered an increase of 3.2 % over December 2014, some other findings of inflation by the PBS are as under:

- averaged inflation during July – December 2015 was rewarded at 2.08 % over the same half of 2014;
- Non–food–non–energy (NFNE) trimmed core inflation was recorded at 4.1 % in December, year-on-year (YoY);
- food inflation was higher by 2.7 % in December, y.o.y

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	6.01	6.51	Rs. 156.95	Rs. 115.5	Rs. 106.10	33111	Rs.38,014
Ending	6.21	6.46	Rs. 153.4	Rs. 114.1	Rs. 104.9	32534	Rs.38,485
Change	0.2	-0.05	-3.55	-1.4	-1.2	-577	471

Arrival of new crop seed-cotton (phutti) at ginneries across the country by end-December 2015 at 9.279 mn bales (PCGA) was lower by 33.52 % over the same period last crop season. Arrivals from Punjab and Sindh were lower by 44.75 % and 4.23 %, respectively, during the above crop periods.

The World Bank in its Ease of Doing Business, 2016, report has downgraded Pakistan's position to 138 from 136 in 2015 out of the total of 182 countries surveyed.

The weekly sensitive price indicator (SPI) was recorded higher by 0.22 % (PBS provisional figure) in the week ending December 31, 2015 over the previous week. The SPI monitors changes in prices of 53 essential commodities, mostly kitchen items, data for which is collected from 17 urban centres.

Pakistan and Sri Lanka have agreed to include bilateral services sector trade in their Free Trade Agreement (FTA).

International

The central bank of China has devalued its currency by 0.50 %. This has led to heavy losses in the value of stocks in markets around the globe particularly in Shanghai as also fall in international oil prices.

The IMF has forecast that global economic expansion in 2016 would be fairly lower than earlier anticipated 3.6 % mainly due to rate rises following the U.S Federal Reserve rate rise and slowing Chinese economy.

The Brazilian government has provided the central bank of the country \$ 9.91 bn in new debt to provide liquidity in its monetary policy operations.

CPI inflation in the 19-nation eurozone held steady at 0.2 %, in December, unchanged from the November level, year-on-year, still far below of the ECB target of its being 2 % or close to it.

The central bank of Indonesia has directed domestic banks to increase their capital base to cater to needs of non-performing loans (NPLs) lest they become thorny.

GDP growth in Singapore slowed to 2.1 % in 2015, the slowest pace since 2009, compared to a growth of 2.9 % in 2014.

Export earnings of South Korea, the sixth largest economy in the world, fell to \$ 522.2 bn in 2015, lower by 7.9 % over 2014.



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