

economicletter

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Pakistan

The **SBP** has suspended euro transactions through the Asian Clearing Union (ACU) with immediate effect.

According to SBP, the **services sector trade deficit** in the 2015-16 fiscal narrowed to \$ 2.414 bn against \$ 2.963 bn in the previous fiscal.

According to SBP, **total liquid foreign exchange** reserves as on 22nd July 2016, stood at \$ 23.091 bn of which \$ 18.037 bn was held by SBP and the rest with banks.

The **Ministry of Finance** has informed the Senate that a total of Rs. 430.975 bn was waived by banks during 1990 – 2015 of which Rs. 280 bn was written – off during 2013 – 2015.

The Economic Co-ordination Committee (**ECC**) of the Cabinet

has allowed exemption from custom duties, levies and relevant taxes on import of equipment and construction material for the completion of two early harvest projects of the China – Pakistan Economic Corridor (**CPEC**) programme.

The **ECC** of the Cabinet has allowed **export** of 0.9 mn tonnes of **surplus wheat** and wheat flour entailing a subsidy of Rs. 11 bn.

The Drug Regulatory Authority of Pakistan (**DRAP**) has allowed an increase of 2.86 % in prices of **80,000 drugs** of different kinds and values.

Merchandise export earnings PBS f.o.b. data during the **2015 – 2016**, fiscal amounted to \$ 20.81 bn against \$ 23.67 bn in the preceding fiscal. **Import** payments of **merchandise products** was lower at \$ 44.77 bn against \$ 45.83 bn during the above fiscals.

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	5.75	6.00	Rs. 138.32	Rs. 115.32	Rs. 104.06	39,151.78	Rs. 40,542
Ending	5.73	5.98	Rs. 140.2	Rs. 118.00	Rs. 105.95	39,528.82	Rs. 41,092
Change	-0.02	-0.02	+1.88	+2.68	+1.89	+377.04	+550

Trade of some merchandise products (PBS f.o.b. data) in the July – June 2015 -16 fiscal over the previous fiscal are noted below:

- I export earnings of textiles and clothing fell to \$ 12.46 bn against \$ 13.45 bn;
- II export earnings of non-textile products was lower at \$ 8.347 bn against \$ 10.214 bn;
- III crude oil and petroleum products import cost stood lower at \$ 7.61 bn against \$ 11.79 bn;
- IV import of machinery group at \$ 8.60 bn was higher by 15.95 %;
- V export earnings of food products was \$ 4.0 bn, lower by 12.56 %;
- VI food products imports rose to \$ 5.39 bn against \$ 5.03 bn.

China has signed a U.N. – backed treaty towards establishing a speedy new “Silk Road” to Europe for trucking of goods.

The Finance Ministers of the G-20 group of countries have jointly agreed that the British decision Brexit to leave the European Union (EU) poses risks to global growth and therefore major economies should pursue pro-growth policies, leaving other priorities on hold for a while.

The Japanese government has launched a \$ 266 bn stimulus package to revive the sagging economy.

The South Korean economy expanded by 0.7 % during April – June over the previous quarter compared to a growth of 3.2 % in the same quarter of 2015.

International

The U.S. Federal Reserve has left its key lending rates unchanged at between 0.25 – 0.50 %.

The British economy grew by 0.6 % in the second quarter to June against 0.4 % in the first quarter.

Japan posted a trade surplus of \$ 17 bn during January – June 2016, the first since July – December half of 2010.

The central bank of Nigeria, the largest economy in the African continent, has raised its benchmark interest rate from 12% to 14% with a view to contain inflation and stabilise the exchange value of naira, the national currency. CPI inflation was recorded at 16.5 % in June, the highest level for over a decade.



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