

# economicletter

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## Pakistan

The **SBP** in its **latest monetary policy statement** (MPS) has left its key discount rate unchanged at 5.75 % mainly on the back of CPI inflation during the 2015 – 16 fiscal at 2.9 %, lowest for 47 years, and GDP growth at 4.7 % in the fiscal, highest for 8 years.

According to **SBP**, foreign firms operating in Pakistan repatriated \$ 1.912 bn by way of profits and dividends in the July – June 2015 – 16 fiscal against \$ 1.637 bn in the preceding fiscal.

The **SBP** has revised **Prudential Regulations** for consumer financing to promote it in a sustainable manner while ensuring the interests of banks and DFIs.

According to **SBP**, the outstanding loan portfolio of banks and DFIs for infrastructure development by end – March 2016 stood at Rs. 444 bn against Rs. 225 by end same period of 2015.

According to **SBP**, **total liquid foreign exchange reserves** as on 29th July 2016, stood at \$ 22.978 bn of which \$ 18.061 bn was held by SBP and the rest with banks.

**CPI inflation** in July, (PBS data), the first month of the current fiscal, registered an increase of 4.1 % with food inflation rising by 3.91 %, both year-on-year.

The **Central Directorate of National Savings (CDNs)** has reduced rates of return in its various saving schemes by varying margins.

The **FBR** having achieved the target of collecting Rs. 3.115 trillion in FY 16 has been set a target of mobilizing Rs. 3.621 trillion in FY 17.

## 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	5.73	5.98	Rs. 140.2	Rs. 118.00	Rs. 105.95	39,528.82	Rs. 41,092
Ending	5.77	6.02	Rs. 140.2	Rs. 117.09	Rs. 106.15	39,390.21	Rs. 42,192
Change	+0.04	+0.04	0.00	-0.91	+0.2	-138.61	+1100

Total despatch of cement industry data during the fiscal ending June 2016 was higher by 9.82 % over the previous fiscal. Domestic despatches were higher by 17 % while foreign despatches were lower by 18.4 % during the above fiscals.

Total auto sales during FY 16 was higher by 19 % (industry data) over FY 15.

The provincial government of Khyber – Pakhtoonkhwa has signed a \$ 1.6 bn deal to lay a circular railway system to connect some of the main cities in the provinces.

## International

The Bank of England has cut its key lending rate to an unprecedented low from 0.50 % to 0.25 %.

The Reserve Bank of Australia (RBA), has cut its key lending rate to an all – time record low of 1.50 %.

The Bank of Russia has kept on hold its key lending rate at 10.50 %.

The U.S economy expanded by an annualised pace of 1.2 % in the second quarter following an expansion of 0.8 % in the first quarter.

Eurozone economic growth slowed to 0.3 % in the second quarter after a growth of 0.6 % in the first quarter, ostensibly due to the Brexit decision.

GDP growth in France stagnated to zero percent in the second quarter after having grown by 0.7 % in the first quarter.

The Housing Development Finance Corporation (HDFC) of India has issued the first ever rupee denominated bond in London raising thereby \$ 450 mn, oversubscribed four-times, carrying a yield of 8.33 %, the maturity period is three years.

Kuwait, the biggest producer of sweet crude in the world has raised oil prices by over 80 % as part of economic reforms amidst falling oil prices.

Unemployment in Brazil, the largest Latin American economy, was recorded at 11.3 % in the second quarter of 2016. The economy is in a state of recession since late 2014.



**Editor: Syed Mahdi Mustafa [M.Sc. London School of Economics]**

**Composer: Fizza Rizvi**

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan

UAN: 111-000-IBP (427) (Ext.539) | Fax: (021) 35683805 | Email: publications@ibp.org.pk | Website: www.ibp.org.pk

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