

economicletter

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Pakistan

The SBP in its latest Monetary Policy Statement (MPS) valid for two months effective July 27, 2015 has left its key Discount Rate unchanged at 6.5 % lest its lowering led to easier money supply stoking inflation which is well under control being much lower than the government target of holding it at 8.0 % or less in the full 2015 fiscal. The interest rate corridor has also been left unchanged at 200 basis points to help GDP growth at a higher level in FY 15 over FY 14, appearing likely.

The SBP has directed banks not to disclose any information about clients' accounts to any without its prior approval.

The SBP has allowed forex companies to import U.S dollars for two months.

According to SBP, agricultural credit disbursement by banks and specialized institutions rose to Rs. 515.9 bn during the 2014 – 15 fiscal, fairly higher than the indicative target of Rs. 500 bn set by the SBP. The disbursement was recorded at Rs. 391.4 bn in the 2013 – 14 fiscal.

According to SBP, there is no ban on trade with Iran through established letters of credit.

According to SBP, the U.S has released the first tranche of \$ 337 mn under the Coalition Support Fund (CSF) for 2015 – 16 fiscal.

According to SBP, total liquid foreign exchange reserves as on July 24, 2015 stood at \$ 18.536 bn of which \$ 13.386 bn was held by SBP and the rest with banks.

The Federal Board of Revenue (FBR) has notified a surcharge of 4.0 % on the total income of the banking companies.

According to the Board of Investment (BoI), total fresh investment, domestic and external combined, rose to \$ 38.3 bn in the 2014 – 15 fiscal equaling 15.1% of GDP.

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	6.78	7.03	Rs. 157.54	Rs. 111.34	Rs. 101.81	35,759	Rs. 37,371
Ending	6.79	7.04	Rs. 158.35	Rs. 111.54	Rs. 101.78	35,741	Rs. 37,757
Change	+0.01	+0.01	+0.81	+0.2	-0.03	-18	+386

Afghanistan has waived customs duty on **Pakistani** merchandise goods passing through the country destined for the Central-Asian Republics (CARs).

The **government** has allowed a number of **incentives** including tax exemptions for **coal – based electricity generation**.

The **Central Directorate of National Savings** has achieved its upward revised target of mobilizing Rs. 336 bn during the 2014 – 15 fiscal of fresh deposits in its various saving schemes.

The International Finance Corporation (IFC), the private sector arm of the World Bank group, acquired has **20% shares** valued at Rs. 1.806 bn of **Pakistan International Bulk Terminal Ltd.**

International

The **U.S. Federal Reserve** has left its **lending rate** unchanged at near – zero percent.

The central bank of **Canada** has cut its key **lending rate** by 25 basis points (bps) to 0.50%. The cut is the second this year.

The central bank of **Sri Lanka** has left its key **lending and deposit rates** unchanged at 7.50 % and 6.00 % respectively.

The central bank of **Indonesia**, has left its key **lending rate** unchanged at 7.50% for the fifth consecutive meeting, in a row.

Private foreign direct investment (**FDI**) into **China**, excepting the financial sector, stood at \$ 68.41 bn during January – June 2015, higher by 8.0 over the same half of 2014.

The **British economy** expanded by 0.7 % in the second quarter to June after a growth of 0.4 % in the first quarter, year-on-year.

GDP growth in **China** during the second quarter (April – June 2015) was recorded at 7.0%, the same level as in the first quarter (January – March 2015). The economy had grown by 7.4% in the full 2014 year.

The **\$ 100 bn Development Bank** setup by **BRICS** group of countries, comprising of Brazil, Russia, India, China and South Africa has started operation.

The United Arab Emirates (**UAE**) is to scrap **fuel subsidies** from August.

Lending by **foreign banks** to **Greece** fell by a third to \$ 22 bn in the first quarter this year over the same quarter of 2014.

South Korea's GDP growth of 0.3 in the second quarter this year was the lowest quarterly growth for 6 years.

Singapore's economy shrank by 4.6% in the second quarter of 2015 over the first quarter of the year after having expanded by 4.2% in the first quarter this year over the last quarter (October – December) of 2014.



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