

economicletter

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Pakistan

According to SBP, home remittances in July 2016 fell to \$ 1.328 bn against \$ 1.663 bn in July 2015.

According to SBP, agricultural credit disbursement by banks and specialised institutions during the July – June 2015 – 16 fiscal amounted to Rs. 598.3 bn, slightly short of the indicative target of Rs. 600 bn set by the Agricultural Credit Advisory Committee headed by the SBP but well above Rs. 515.9 bn disbursed in 2014 – 15.

According to SBP, non-performing loans (NPLs) of banks of housing finance fell to Rs. 12.63 bn by end – March 2016 compared to Rs. 13.28 bn as by end – December 2015. The NPLs of the Islamic banking industry (IBI) also fell to Rs. 1.64 bn against Rs. 1.81 bn during the above periods.

The SBP and the Customs department are to jointly monitor digitally the outflows of foreign currency by making it mandatory

for the importers to submit the “import form” of the SBP through the online tax system.

According to SBP, total liquid foreign exchange reserves as on 05th August 2016, stood at \$ 22.595 bn of which \$ 17.664 bn was held by SBP and the rest with banks.

Merchandise export earnings (PBS f.o.b. data) was lower at \$ 1.479 bn in July 2016 against \$ 1.588 in July 2015. Merchandise import payments were higher at \$ 3.557 bn against \$ 3.348 bn during the above periods.

The Chief Minister of Punjab has signed 24 pacts and memorandums of understanding (MoUs) with Chinese firms for investment in various sectors of the economy in the province.

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. 139.75	Rs. 118.25	Rs. 106.50	39,907.64	Rs. 41,603
Change	+0.04	+0.04	-0.45	+0.25	+0.55	+378.82	+511

Despatch of cement in July, the first month of the current fiscal, was higher by 9.82 % over the same month of 2015. While domestic sales were higher by 12.38 %, foreign sales were lower by 0.06 %, month-on-month.

A South – Korean firm has signed a memorandum of understanding (MoU) with the provincial government of Punjab to establish a solar module fabrication plant in the district of Faisalabad.

The Federal Board of Revenue (FBR) as per its revised figures, has placed gross revenue collection by it at Rs. 3.13 trn in the 2015 – 16 fiscal, higher by Rs. 26 bn of target and higher by 21 % over the previous fiscal.

Import of refined petrol (industry data) in FY 16 stood at 4.14 mn tonnes against 3.12 mn tonnes in FY 15.

International

Kuwait, the largest producer of sweet crude oil in the world, posted a budgetary deficit of \$ 15.3 bn in the fiscal ending March 2016, largely due to falling oil prices internationally. The deficit was the first since the 1999 fiscal.

The Reserve Bank of India has left its key repo rate unchanged at 6.50 %. CPI inflation in June was recorded at 5.77 %, year-on-year, close to the central bank's highest level of containment at between 2-6 %. The June level of inflation is at near a 2 – year high.

The Russian Economy Minister expects the economy to contract by 0.2 % this year following a shrinkage of 3.7 % in 2015. The IMF has forecast a contraction of 1.2 % in 2016.

China recorded a trade surplus of \$ 52.31 bn in July, highest since January, against \$ 48.11 bn in June.

China's liquid foreign exchange reserves held by the People's Bank of China fell slightly to \$ 3.20 trn by end – July against \$ 3.21 trn by end-June. The country's gold reserves rose to \$ 78.89 bn by end – July against \$ 77.43 bn by end – June.

The U.S. trade deficit in June, seasonally adjusted stood at \$ 44.5 bn, highest since June 2015.

Standard e Poor's has raised South Korea's long – term sovereign credit rating to "AA" from "AA minus" citing the country's record of steady economic growth and improved fiscal and monetary flexibility as the main factor of the + upgrade.



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