

# economicletter

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## Pakistan

According to **SBP, net foreign direct investment (FDI)** fell to \$ 64.3 mn in July, the first month of the current 2016 -17 fiscal, against \$ 75.3 mn in the same month last fiscal. Portfolio investment witnessed an inflow of \$ 50.3 mn against an outflow of \$ 4.5 mn during the above months.

According to SBP, total liquid **foreign exchange reserves** as on 12th August 2016, stood at \$ 22.623 bn of which \$ 17.720 bn was held by SBP and the rest with banks.

The **Prime Minister** has ordered the closure of regional offices of Board of Investment (**BoI**) as part of the organisation's restructuring.

The **Federal Minister for Water and Power** has informed the National Assembly that 49,831 million kilowat – hours (m.kwh) of power was lost due to bottlenecks and faults in the distribution system, during the last three years.

The National Assembly has approved the "**Benami Transaction (Prohibition) Bill 2016**" under which no person shall enter into any benami transaction or hold any benamic asset.

The Pakistan Stock Exchange (**PSX**) has received 17 expressions of interest (**EOI**) from both domestic and foreign investors to acquire 40 % shares of the PSX, under the heads of Strategic Investor, "Anchor Investor and Financial Institution."

**Merchandise trade deficit with China**, Pakistan's largest single trading partner, rose to \$ 6.223 bn during the July – June 2015 – 16 fiscal (PBS f.o.b. data) comprising of \$ 1.903 bn of exports and \$ 8.126 bn of imports.

The government hopes to add **200 mmcf** of regasified liquefied natural gas (**RLNG**) into the current system by January next year.

## 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	5.77	6.02	Rs. 139.75	Rs. 118.25	Rs. 106.50	39,907.64	Rs. 41,603
Ending	5.78	6.03	Rs. 139.70	Rs. 119.75	Rs. 106.40	39,499.08	Rs. 41,485
Change	-0.01	+0.01	-0.05	+1.5	-0.1	-406.56	-118

Bedwear export earnings (PBS f.o.b. data) during the July – June 2015 – 16 fiscal fell to \$ 2.016 bn against \$ 2.103 bn in the preceding fiscal.

According to Federal Secretary, Ministry of Water and Power, total power generation by end-2018 would be about 25,000 MWs, enough to meet near 90 % of rising demand with minimum load-shedding, given the various power projects in various stages of completion in the pipeline.

The U.S. Agency for International Development (USAID) is to provide \$ 14.4 mn over the next five years to help develop means to enhance the country's export earnings through international competitiveness measures adoption.

## International

The IMF has reached an initial agreement with Egypt to provide it \$ 12 bn over a three-year period to undertake structural economic reforms. The modalities remain to be finalised.

GDP growth in Japan, the third largest economy in the world after the U.S. and China, slowed to an annualised pace of 0.2 % during April – June after an expansion of 1.9 % in the preceding quarter, year-on-year.

GDP growth in the 19-nation eurozone halved to 0.3 % during April – June over the previous quarter's 0.6 %, but was up by an annualised pace of 1.6 %, over the same quarter of 2015.

GDP growth in Malaysia slowed to 4.0 % in the second quarter against 4.2 % in the first quarter, the slowest quarterly pace in about seven years.

Thailand's economy expanded by an annualised pace of 3.5 % during the second quarter, slightly higher than in the first quarter, year-on-year.

GDP growth in Chile, the world's largest copper exporter, shrank by 0.4 % in the April – June quarter of 2016 over the first quarter of the year, the fall being the first since early 2010.

CPI inflation in India registered an increase of 6.07 % in July, driven mainly by higher food costs, against 5.77 % in June, year-on-year.

CPI inflation in Britain edged up to 0.6 % in July against 0.5 % in June, both year-on-year, and is being projected to rise further in months ahead following the Brexit referendum.



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