

economicletter

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Pakistan

According to SBP, home remittance in July 2015, the first month of the current fiscal, rose to \$ 1.663 bn compared to \$ 1.649 bn in the same month of 2014.

The SBP has authorised banks to remit Saudi Riyals to Haj group organizations having allocated quotas by the Ministry of Religious Affairs and Interfaith Harmony for this year.

According to SBP, total liquid foreign exchange reserves as on August 07, 2015 stood at \$ 18.678 bn of which \$ 13.648 bn was held by SBP and the rest with banks.

The International Monetary Fund (IMF) has in principle agreed to extend the period of compliance to its conditions of reducing the fiscal deficit and government borrowing from the central bank for budgetary support until the next meeting. Once the IMF Board consents to the proposal, it would result in release of the tranche of \$ 502 mn of the Extended Fund Facility (EFF). Pakistan, throughout its history, has never defaulted in meeting its debt repayment obligations.

According to Pakistan Bureau of Statistics (PBS) f.o.b data merchandise export earnings in the first month of the current fiscal (July 2015) was recorded at \$ 1.598 bn compared to \$ 1.923 bn in July 2014, Import payments of merchandise goods stood at \$ 3.371 bn compared to \$ 3.240 bn during the above months.

The Cabinet Committee on Privatisation (CCoP) has approved divestment of 88% shares of National Power Construction Company (NPCC) held by the government to a Saudi Arabian private sector firm for Rs. 2.49 bn the bid being the highest.

The United Nations (U.N) has accepted Pakistan's Instrument of Accession to the Customs Convention on International Transport of Goods. This would help Pakistan's promotion of exportable goods in particular to Afghanistan and Central Asian Republics (CARs) and to other parts of the world in general.

The Standing Committee on Finance of the National Assembly has approved the proposal to constitute a monetary policy committee to help arrive at monetary policy measures.

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	6.82	7.07	Rs. 158.98	Rs. 110.87	Rs. 101.79	36,222	Rs. 38,014
Ending	6.79	7.04	Rs. 159.75	Rs. 113.75	Rs. 103.35	35,937	Rs. 38,914
Change	-0.03	-0.03	+0.77	11.88	+1.56	-285	+900

The **Standing Committee of the Senate on Finance and Revenue** was informed by the Ministry of Finance that an amount of **\$ 50.0 bn** was obtained from international financial institutions and multilateral bodies in the last ten years of which near **60 %** was utilised for balance of payments and budgetary support.

According to a **World Bank** report, only **13 % of the population** have any **single or joint account in any bank** in the country, which is one of the lowest in the world.

The National Electric Power Regulatory Authority (**Nepra**) has accorded its approval for setting up a **coal-fired power plant** to a private sector domestic firm capable of generating **350 MWs** of electricity. It would be completed in phases near Port Qasim Authority at a cost of \$ 600 mn.

The provincial government of Balochistan is to introduce measures to improve the ailing **agricultural sector and livestock** development in particular.

International

The central bank of **China** has **devalued yuan**, the national currency, aimed at increasing exports to offset the current trend of slowing economy.

Banks in India have been estimated to need **\$ 15.7 bn** by way of additional capitalisation to meet debt-stress needs of ailing companies.

A provincial government of **India** has signed a memorandum of understanding (**MoU**) under which a private sector firm of **Taiwan** would invest **\$ 5.0 bn** over the next five years for **manufacturing** of computers and related equipments by way of transfer of technology.

The **Russian economy** shrank by 4.6 % in the second quarter of 2015, the largest contraction in any quarter for six years, following a shrinkage of 2.2 % in the first quarter of the year.

According to the European Commission, **Greece** has struck a **“technical agreement”** in principle with international creditors for a **new bailout package** worth \$ 94 bn, the third since 2010. The deal awaits ratification, by the creditors.

According to Peoples Bank of China (**PBC**), the central bank of the country, the country's **liquid foreign exchange reserves** at end – July 2015 stood at \$ 3.65 trn, having fallen by \$ 42 bn over end June of the year.

China is estimated to have invested **\$ 147.0 bn** to prop up falling value of **shares** in its stock markets. The Shanghai stock market was worst hit in the world in the July 5 Greece referendum.

CPI inflation in China rose by 1.6 % in July, against 1.4 % in June, year-on-year, suggesting easing of deflationary pressure.

Unemployment in the U.S was recorded at 5.3 % in July, just above the Federal Reserve target of it being between 5.0 – 5.2 %.



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