

# economicletter

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## Pakistan

The SBP Governor has unveiled an “SBP Vision 2020” plan to be updated every five years aimed at becoming a role model for corporate best practices. The main focus of the Vision are noted below:

- enhancing the **effectiveness of monetary policy**;
- strengthening the **financial system stability**, regime, by improving the effectiveness of efficiency;
- **fairness** of the banking system;
- increasing **financial inclusion**;
- developing modern and robust **payments system**;
- strengthening SBP’s **organisational efficiency** and effectiveness.

The SBP Governor has informally opined that the **Pakistan-China Economic Corridor** would bear more fruitful results if **trade** between the two countries is in **local currencies**.

According to SBP, private foreign direct investment (FDI) in the first month of the current fiscal – July, 2015, rose to \$ 75 mn compared to \$ 18.4 mn in the same month of 2014-15. **Portfo-**

**lio investment** recorded an outflow of \$ 4.8 mn against an inflow of \$ 69.5 mn during the above month.

According to SBP, the **current account** deficit in July, 2015, the first month of the current 2015-16, narrowed to \$ 159 mn against \$ 820 mn in the same month last fiscal.

According to SBP, non-performing loans (NPLs) of banks and DFIs rose Rs. 635.494 bn as on March 31, 2015 against Rs. 623.759 bn as on December 31, 2014.

According to SBP, total liquid foreign exchange reserves as on August 14, 2015 stood at \$ 18.655 bn of which \$ 13.615 bn was held by SBP and the rest with banks.

The Standing Committee on Finance of the **Senate** has been informed by the National Bank of Pakistan (NBP) that it has detected **0.6 mn ghost pensioners** belonging to civil and

## 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	6.79	7.04	Rs. 159.75	Rs. 113.75	Rs. 103.35	35,937	Rs. 38,914
Ending	6.82	7.07	Rs. 160.25	Rs. 114.76	Rs. 102.00	34,519	Rs. 40,114
Change	0.03	0.03	0.05	1.01	-1.35	-1418	1200

military services as well as those entitled under Employees Old Age Benefit Scheme (EOBS).

The **Senate** Standing Committee on Finance has been informed by the National Bank of Pakistan (NBP) that the **Bangladesh** Central Bank was assisting its efforts in recovery of Rs. **18.5 bn** of accumulated **bad debts** since the bank started its operation in the country over eight years ago.

The Economic Coordination Committee (ECC) of the Cabinet has for the first time in the country's history allowed a **private sector company to build and own** electric transmission lines where required to offset line losses between generation and distribution.

The International Finance Corporation (IFC), the private sector arm of the World Bank group, has offered banks in the country **\$ 1.2 bn** for investment in **renewable energy** projects both in short and long terms.

A U.S assisted **research study** has shown that almost **3 mn bales of raw cotton** have been infested by a virus at the vegetation-cum-flowering stage in the provinces of Punjab and Sindh.

The Sindh Engro Coal Mining Company, a **public-private partnership entity**, has raised **\$ 500 mn** from domestic banks and a Chinese bank for mining **coal deposits in Thar** and also to setup coal-fired power projects in the province based upon coal reserves in the district.

## International

**Eurozone** Finance Ministries have approved a **new 86 bn euros rescue package** for Greece over the next three years.

**India** proposes to **divest 10% of its equity** holding in **Coal India** expected to fetch \$ 3.7 bn. The entity is the largest public sector mining unit in the coal field.

**CPI inflation in India** fell to 3.78% in July against 5.40 % in June, year-on-year.

**GDP growth in Greece** turned positive at 0.8% during April – June against a negative growth in the previous quarter.

**Moody's** Investors Services has **downgraded Brazil's** investment rating to "Baa3", the lowest in its grading rate while still maintaining that investment climate is safe and would improve by end year.

The central bank of **Philippines** has left its **key lending rate** unchanged at 4.0 % for the seventh consecutive meeting.

**CPI Inflation in the U.S** fell to 0.3% in June after rising by 0.4% in May, both year-on-year.

**The Indonesian economy**, grew at a slower pace of 4.67 % in the second quarter against 4.72 % during the first quarter of 2015, both year-on-year.



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