

economicletter

a weekly publication of The Institute of Bankers Pakistan

Pakistan

The SBP Governor in a media briefing has reiterated the country's economic stability and progressive strengthening. Negative reporting, often resorted to, was distracting domestic and foreign investment, the key requirement for any economy's long term growth trajectory.

According to SBP, the total stock of external debt and liabilities by end-June 2016 stood at \$ 72.978 bn compared to \$ 65.141 bn as by end-June 2015.

According to SBP, repatriation of profits and dividends by foreign firms operating in Pakistan rose to \$ 145.8 mn in July, the first month of the current 2016-17 fiscal, against \$ 52.5 mn in the same month last fiscal.

According to SBP, non-performing loans (NPLs) of banks and DFIs stood at Rs. 649.057 bn by end-June 2016 against Rs. 620.448 bn as at end-December 2015.

According to SBP, total liquid foreign exchange reserves as on 26th August 2016, stood at \$ 23.038 bn of which \$ 18.129 bn was held by SBP and the rest with banks.

CPI inflation (PBS data) in August declined to 3.6 % against 4.1 % in July with food inflation also coming down to 2.4 % against 3.9 % during the above months, year-on-year.

The World Bank has signed four loan agreements worth \$ 650 mn to support projects in the fields of education, health, water management and disaster mitigation covering all the provinces in the country.

The U.S. has urged adoption of measures by Pakistan to enhance bilateral trade and investment relations between the two countries. It considers the present bilateral trade volume between the two at \$ 5.5 bn as only a fraction of potential. The main measures are related to security situation, energy needs and tariff rates.

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	5.79	6.04	Rs. 139.75	Rs. 118.25	Rs. 106.50	39,926.70	Rs. 40,975
Ending	5.78	6.03	Rs. 139.70	Rs. 119.75	Rs. 106.40	39,464.65	Rs. 39,914
Change	-0.01	-0.01	-0.05	+1.5	-0.1	-462.05	-1061

The Central Directorate of National Savings (CDNS) has notified reductions in its various savings schemes by different margins, leaving some unchanged, effective September 1, 2016.

The Securities and Exchange Commission of Pakistan (SECP) has signed a memorandum of understanding (MoU) with China Overseas Ports Holding Company (COPHC) to setup a facilitation centre in Gwadar (Balochistan) free economic zone which would assist investors, domestic and foreign, to do business in Pakistan.

A leading Iranian firm is to set-up a 50-megawatt wind power project in Jhimpir in the district of Thatta, in the province of Sindh, at a cost of \$ 113 mn. It is scheduled for operation by October 2017. Approval by the National Electric Power Regulatory Authority is awaited.

International

The U.S. economy grew at an annualised pace of 1.1 % in the April – June quarter, against 0.8 % in the previous quarter, year-on-year.

The British economy expanded by 0.6 % in the second quarter to June over the first and was higher by an annualised pace of 2.2 % over the same quarter of 2015.

GDP growth in India slowed to 7.1 % in the first quarter of its current fiscal (April – June 2016) against the growth of 7.9 % in the last quarter last fiscal (January – March 2016), both year-on-year.

The Greek economy expanded by 0.2 % during the April – June quarter of 2016 after a contraction of 0.2 % in the preceding quarter, year-on-year. It was the first quarter-on-quarter expansion since late 2015.

Japan is to invest \$ 30 bn in various countries in the African continent over the next three years both in the public and private sectors to develop and support infrastructure development, education and health-care expansion programmes.

Net foreign assets held by the central bank of Saudi Arabia stood at \$ 555 bn in July 2016, lower by \$ 6 bn over June of the year. They were lower by 16 % over the same month of 2015 and lowest since February 2012 after a peak of \$ 737 bn in August 2014.

Saudi Arabia has signed 15 preliminary agreements with China in various sectors of the Kingdom ranging from energy to housing.



Editor: Syed Mahdi Mustafa [M.Sc. London School of Economics]

Composer: Fizza Rizvi

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan

UAN: 111-000-IBP (427) (Ext.539) | Fax: (021) 35683805 | Email: publications@ibp.org.pk | Website: www.ibp.org.pk

General Disclaimer: Data used in the Economic Letter is based on government sources besides recognised representative private sector trade bodies as reported in the print media. They are cross-checked before release. Yet an error or two may creep in, regrettable as they may be as part of human nature. Reporting is unopinionated. The Institute of Bankers Pakistan stands totally absolved of any error contained in the Economic Letter, either in reporting or composing.