

# economicletter

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## Pakistan

The SBP has warned banks and forex companies not to indulge in speculative trading in U.S dollars which was unwarrantedly eroding the value of the national currency.

According to SBP, external debt servicing payment in the July - June 2014 - 15 fiscal fell to \$ 4.6 bn against \$ 6.9 bn in the 2013 - 14 fiscal.

The SBP Deputy Governor has informally suggested mandatory verification of pensioners, bi-annually or annually, to counter the menace of ghost pensioners.

According to SBP, total liquid foreign exchange reserves as on August 21, 2015 stood at \$ 18.508 bn of which \$ 13.458 bn was held by SBP and the rest with banks.

The Asian Development Bank (ADB) has made a provisional commitment to provide \$ 1.2 bn annually during 2015 - 19 for infrastructure development programmes and to help institutional reform undertakings.

According to Pakistan Bureau of Statistics (PBS), the large-scale manufacturing (LSM) sector posted a growth of 3.3 % during the July - June 2014 - 15 fiscal over the previous fiscal.

The Securities and Exchange Commission of Pakistan (SECP) has raised the minimum paid-up capital requirement of non-life and life insurance companies to Rs. 500 mn and Rs. 700 mn respectively.

The three stock markets of the country now operating independently at Karachi, Islamabad and Lahore have integrated themselves into one to operate under the name of Pakistan Stock Exchange.

According to the Federal Commerce Minister, the U.S has restored duty - free access (GSP - plus status) to its market for exportable merchandise goods from Pakistan till end December 2017.

The government has signed a letter of intent (LoI) with a Chinese firm to establish a power project capable of generating

## 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. 160.25	Rs. 114.76	Rs. 102.00	34,519	Rs. 40,114
Ending	6.82	7.07	Rs. 160.13	Rs. 117.23	Rs. 103.98	34,447	Rs. 39,385
Change	0.00	0.00	-0.12	2.47	1.98	-72	-729

1,320 MWs of coal-fired electricity based on coal reserves in Thar, Sindh. Production is planned from 2018.

According to Pakistan Bureau of Statistics (PBS) the **services sector export earnings** in the 2014 - 15 fiscal rose to \$ 5.740 bn against \$ 5.344 bn in the 2013 - 14 fiscal. **Import payments** of the sector rose to \$ 8.258 bn against \$ 7.994 bn during the above periods.

According to PBS, f.o.b data, **export earnings** of value-added **textile products** fell to \$ 1.025bn in July 2015 against \$ 1.162 bn in July 2014.

According to PBS, f.o.b data, **import cost** of the **oil sector** comprising of crude oil and petroleum products was recorded lower at \$ 687.433 mn in July 2015 against \$ 911.894 mn in the same month last year.

According to PBS, f.o.b data, **import cost of food products** in July this year declined to \$ 320.048 mn against \$ 335.343 mn in the same month of 2014.

The Economic Coordination Committee (ECC) of the Cabinet has extended the deadline period for **export of surplus wheat** for both the province of Punjab and Sindh.

The **Punjab government** has signed a memorandum of understanding (MoU) with a Chinese firm under which it would setup an state of the art cement plant in the salt range of the province costing \$ 350 mn.

## International

**Value of shares** in stock markets around the world have fallen sharply and **leading currencies**, except that of the U.S and U.K, have **depreciated heavily** amidst fall-out effects concern of the **slowing Chinese economy**, the second largest in the world, **China** had accounted for near **38 % of global growth** in 2014.

The **central bank of China** has again cut its benchmark one-year **lending rate** by 0.25 % to 4.0 %, the cut being the fifth time since November 2014. It has also reduced the reserve requirement ratio (**RRR**) by 50 basis points to 18%.

**China** is to allow **farmers** to obtain **bank credit** by offering land holding and any other property holding as a **collateral security**.

The **People's Bank of China** has provided \$ 17.19 bn to 14 **financial institutions** through its medium - term financing facility to maintain liquidity in the banking system.

**International crude oil price** has plummeted sharply to \$ 46. 0 barrel, the lowest level since March 2009.

The **Russian government** has revised downwards the **growth prospects** of the **economy** to 3.3% in 2015 and then to 1.8 % in 2016, mainly on the back of falling oil prices, the country's main export earner.



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