

economicletter

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Pakistan

The **SBP Governor** has opined that the ability of Islamic finance to introduce greater discipline into the financial system owing to its inherent strengths is relatively more stable and resilient.

According to SBP, the **debt and liabilities** of public sector enterprises (**PSEs**) rose to Rs. 793.3 bn by end – June 2016.

According to SBP, the **market share** of the Islamic banking industry (**IBI**) in assets and deposits in the overall banking system stood at 11.4 % and 13.2 % respectively by end – June 2016.

According to SBP, total liquid **foreign exchange reserves** as on September 03, 2016, stood at \$ 22.983 bn of which \$ 18.065 bn was held by SBP and the rest with banks.

According to **Ministry of Finance**, the budgetary deficit in the 2015 – 16 fiscal was recorded at 4.6 % of GDP against the target of it being 4.3 %.

The Cotton Crop Advisory Committee (CCAC) has scaled down the **production target of lint cotton** from 14.10 mn bales to 11.27 mn bales.

The Federal Board of Revenue (FBR) has notified **increase** in domestically produced crystalline **sugar** price from Rs. 56 per kg to Rs. 60 per kg for assessment of sales tax.

Net mobilization under its various national savings schemes (NSS) by the Central Directorate of National Savings (**CDNS**) during FY 16 amounted to Rs. 232.09 bn against Rs. 337.05 bn in FY 15.

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	39,464.93	Rs. 39,914
Ending	5.78	6.03	Rs. 139.70	Rs. 119.75	Rs. 106.40	40,344.93	Rs. 44,228
Change	-0.01	-0.01	-0.05	+1.5	-0.1	+880	+4314

The government has allowed tax neutrality to sukuk bonds by allowing certain tax exemptions which were previously available to conventional securitisation issues.

The government has allocated Rs. 21.57 bn for a special security division to ensure effective security in the implementation of projects under the China – Pakistan Economic Corridor (CPEC).

International

The G-20 Summit, a grouping of highly industrialised and emerging economies, has agreed in principle to coordinate macroeconomic policies particularly related to opening of their economies as against adopting protectionist policies and liberalisation of trade policies but concrete measures pertinent to either of the two did not emerge.

The Organisation for Economic Cooperation and Development (OECD), a 38 – member group of richest countries in the world, has come to conclude that the central banks in the world have already taken steps to nearly their utmost to bolster global growth which remains to be realised and perhaps would not materialise unless it is backed by individual countries adoption of policy measures to that end.

The Nigerian economy, largest in the African continent, shrank by 2.1 % in the second quarter to June over the first as oil prices, which accounted for 70 % of its revenue have plummeted by over 60 % during the last one year. The country is now concentrating on the agricultural sector to lift the economy.

South Africa has skirted recession as the economy grew by 3.3 % during the second quarter following a contraction of 1.2 % in the first quarter.

Saudi Arabia and Russia, the two top producers of crude oil in the world, have agreed to “act together” to stabilise oil prices but have not agreed on any production freeze programme.

Liquid foreign exchange reserves held by the central bank of China stood at \$ 3.185 trn by end – August 2016, the lowest level since December 2011.

The Reserve Bank of Australia (RBA) has left its key lending rate unchanged at the record low of 1.5 %.

The central bank of Canada has left its key lending rate unchanged at 0.50 %.



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