

economicletter

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Pakistan

According to SBP, public sector enterprises (PSEs) total debt and liabilities stood at Rs. 665.2 bn in the 2014-15 fiscal, domestic and external combined, higher by 13% over last fiscal.

The SBP has formed a sub-committee to ensure non-discrimination by banks and DFIs in their dealings with clients.

According to SBP, total liquid foreign exchange reserves as on August 28, 2015 stood at \$ 18.497 bn of which \$ 13.461 bn was held by SBP and the rest with banks.

The government has reduced the prices of various petroleum products by varying margins for different regions including that of petrol, kerosene oil and light diesel oil for the month of September by way of its monthly fuel adjustment policy.

The government has raised the level of sales tax on different petroleum products from 20 % to 25.5 %.

The government has raised the tariff rates of natural gas users by between 4-67 % for different categories of users including household consumers.

According to provisional data released by the Federal Board of Revenue (FBR) gross revenue collection by it in the first two months of the current fiscal (July - August 2015) amounted to Rs. 324 bn compared to Rs. 313 bn in the same months of 2014.

The Cotton Crop Assessment Committee has revised downwards production of raw cotton to 13.59 mn bales against its earlier estimate of it being 15.49 mn bales.

According to PBS, CPI inflation in August fell to 1.72 %, lowest monthly level for 12 years, against 1.80 % in July, both year-on-year (YoY), Averaged inflation during the first two months of the current fiscal (July – August 2015) was recorded at 1.76 % YoY. Non –food-non-energy (NFNE) trimmed core inflation dropped to 4.0% in August over July, the successive

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. 160.13	Rs. 117.23	Rs. 103.98	34,447	Rs. 39,385
Ending	6.80	7.05	Rs. 158.9	Rs. 116.00	Rs. 104.2	33,891	Rs. 39,257
Change	-0.02	-0.02	-1.23	-1.23	0.22	-556	-128

slide for eleven months. Food and non-food inflation in August rose by 0.40 % and 1.47 % respectively over the same month of 2014.

According to the **Ministry of Finance** data, the combined Public Sector Development Programmes (PSDPs) of the Federal and provincial governments in the July – June 2014 – 15 fiscal was recorded at Rs. 987.7 bn against the targeted outlay of Rs. 1.175 trn. The federal slippage was about 6 % of its target while provincial outlays accounted for the rest of the shortfall.

The Asian Development Bank (ADB) and the Department for International Development (DFID) are to jointly provide \$ 327 mn for the construction of Hasanabdal – Havelian expressway.

According to the **Federal Commerce Minister**, Australia has reduced import duty on value – added textile products importable in the country from Pakistan by 50 %.

A private sector firm in partnership with a Chinese firm is to establish a **regasified liquefied natural gas (LNG) power plant** in the Punjab capable of generating between 1,000 – 2,000 MWs of electricity. The cost of the plant has been placed at Rs. 82 bn which has been secured through a consortium of banks. Production has been scheduled from about mid – 2017.

The Cabinet sub-committee on production and export has approved the outline of **Strategic Trade Policy Framework** envisaging an export target of \$ 35 bn by 2018.

International

GDP growth in India, slowed to 7.0 % in the first quarter of the current fiscal (April – June 2015) against 7.5 % in the last quarter of last fiscal (January – March 2015) both year-on-year.

India is to **divest** 10 % of its **equity** holding in a top state-owned **oil refinery** anticipated to fetch \$ 1.5 bn.

The **British economy** expanded by 0.7 % in the second quarter of 2015 following a growth of 0.4 % in the first quarter of the year over the same quarters of 2014.

The **Brazilian economy**, largest in the Latin American region, has entered **recession** by contracting by 1.98 % in the second quarter following a contraction of 0.7 % in the first quarter.

China has imposed a limit of \$ 2.5 trillion of **bank borrowings** by **local governments** combined for 2015 with a view to ensure sound liquidity in the banking system to facilitate lending in the productive sectors of the national and provincial economies.

The **Canadian economy** has entered **recession** having shrank by 0.5 % in the second quarter to June following a contraction of 0.8 % in the first quarter.

China's central bank has relaxed **housing finance** rules as an inducement for greater bank lending to the sector and thereby to component tertiary sub-sectors of it.



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