

economicletter

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Pakistan

The **SBP has revised regulations** under which financing provided on the basis of participatory (**Musharika and Modaraba**) and Wakalah (Agency) modes would be exempted from the requirement KIBOR as benchmark rate of Islamic Banking Institutions (IBI).

According to SBP, **home remittances** during July – August 2016 amounted to \$ 3.089 bn against \$ 3.190 bn in the same months of 2015.

Merchandise export earnings (PBS f.o.b. data) during July – August 2016 stood at \$ 3.14 bn, lower by 8.19 % over the same months of 2015. **Merchandise import payments** were recorded at 7.88 bn, higher by 10.32%, during the above periods.

The government has approved **land acquisitions and compensation** payment for the proposed **Diamer – Bhasha Dam** capable of generating 4,500 MWs of electricity once completed.

The National Electric Power Regulatory Authority (**NEPRA**) has issued **license** for setting up a power project capable of generating **1,320 MWs of coal-fired electricity** as a joint venture between hub Power Company Ltd. (Hubco) and China Power International Holding Ltd.

The **Federal Finance Minister** is anticipating an addition of **1.0 – 1.5 %** to the country's **GDP** once the projected load – shedding of power comes to an end by November 2017.

The production of locally assembled and manufactured **motorcycles** (PBS data) increased to 2.07 mn units in the July – June 2015 – 16 fiscal compared to 1.78 mn units in the preceding fiscal.

The **Federal Finance Minister** has expressed the hope that by the July – June 2018 – 19 fiscal the country would achieve a sustainable **growth rate of 7 %** and would be ranked 18th in the top 50 economies of the world.

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	5.78	6.03	Rs. 139.75	Rs. 118.25	Rs. 106.50	40,344.65	Rs. 44,228
Ending	5.80	6.05	Rs. 139.70	Rs. 119.75	Rs. 106.40	40,363.68	Rs. 44,150
Change	+0.02	+0.02	-0.05	+1.5	-0.1	+19.03	-78

The National Assembly has been informed that work on the Iran – Pakistan gas pipeline has begun and that the trade volume between the two countries would soon rise to \$ 5 bn an year compared to \$ 1.2 bn as of now.

Total despatch of cement (industry data) in the first two months of the current fiscal (July – August 2016) at 4.9 mn tonnes registered an increase of 14 % over the same period last fiscal. Domestic despatches were higher by 13.83 % while export despatches were lower by 1.0 % during the above periods.

International

GDP growth in Turkey slowed to 3.1% in the second quarter against 4.7% in the first quarter over the same quarters of 2015.

Auto sales in China, the world's biggest cars importer and crucial to worldwide manufactures, registered a rise of 24.2% in August, year-on-year, to 2.07 mn units.

The European Central Bank (ECB) has left its various lending and deposit rates varying between minus 0.4% to 0.25% unchanged.

China posted a trade surplus of \$ 52 bn in August lower by 13.6% over the same month last year.

CPI inflation in Egypt registered a raise of 15.5% in August YoY, highest for eight years.

The central bank of Malaysia has kept on hold its key interest rate at 3.0 %.

Japan's core CPI inflation, which excludes volatile fresh food prices but includes oil products, was lower by 0.5 % in July, year-on-year, the fifth straight month of decline and sharpest in three years.

The European Union (EU) has imposed a penalty of 13 bn euros (\$ 14.5 bn) on the U.S. based technical giant Apple, payable to Ireland in back taxes.

A leading international reinsurer has assessed that natural disasters like floods and earthquakes cost the global economy \$ 71 bn in the first half of 2016.

A LONDON – based Islamic advisory consulting firm has opined that while Islamic banking services have achieved significant strides in the recent past it has potential to bring almost 40 mn clients in its fold in the near future.



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