

economicletter

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Pakistan

According to SBP, the **current account deficit** in the first two months of the current fiscal (July – August 2015) narrowed to \$ 394 mn or 0.8 % of GDP against \$ 1.456 bn or 3.2 % of GDP in the same months of 2014.

The SBP has reduced the markup rate on Prime Minister's **Youth Business Loan Scheme** by 200 basis points (bps) from 8.0 % to 6.0 %.

According to SBP, **branchless banking** transactions in the first three months of 2015 fell by 5% over the preceding quarter to Rs. 354 bn.

The Asian Development Bank (ADB) has approved a credit line of \$ 200 mn for development projects on the basis of **public – private partnership**.

The International Finance Corporation (IFC), the private sector arm of the World Bank group, has approved a partial credit line of \$ 100 mn for the construction of a **run-of- river Jhelum hydro-power project**, capable of generating 720 MWs of cheap electricity.

The Economic Coordination Committee (ECC) of the Cabinet has approved **import** of 50,000 tonnes of **gram pulse** with a view to stabilise its price in local markets.

According to Pakistan Cotton Ginners Association (PCGA) arrival of **new crop seed-cotton** (phutti) at ginneries across the country by September 15, 2015 was recorded lower at 2.197 mn bales against 2.751 mn bales in the same period last crop season. Arrivals of the new crop phutti were lower by 23.21 % from Punjab and by 17.70 % from Sindh. Lower output of the crop has been mainly due to flooding in the country.

According to Pakistan Bureau of Statistics (PBS), **export earnings** of the **services sector** in the first month of the current fiscal (July 2015) rose to \$ 680.51 mn against \$ 350.92 mn in the same month last fiscal **Import payments** of the sector fell to \$ 590.94 mn against \$ 734.25 mn during the above two months.

Moody's Investors Services has left Pakistan's sovereign **credit rating** unchanged as "stable" citing better prospects for the economy as China-Pakistan Economic Corridor holds better prospects at the macro-level once it gets going.

According to the **Federal Minister** for Petroleum and Natural Resources, **the import of LNG** would result in a saving of \$ 1.0 bn annually to the national economy.

According to PBS, f.o.b data total **import cost of food products** during July – August 2015, fell to \$ 768 mn against \$ 833 mn during the same period of 2014.

International

The U.S Federal Reserve has left its key lending rate unchanged at zero percent.

A Chinese public sector firm has signed a \$ 125 bn deal with a group of local investors to build a high-speed rail link connecting Las Vegas with Los Angeles in the U.S.

China's overseas direct investment (ODI) is heading to reach \$ 1.0 trillion by the end of 2015.

The Governor, Reserve Bank of India (RBI) has expressed concern over the government policy to keep the so-called "bad banks" with large non-performing loans (NPLs) portfolio afloat through repeated capital injection. In his opinion, it would be better to close them or allow takeover by solvent banks in the larger long-term interests of the banking system.

India's current account deficit widened to \$ 6.2 bn or 1.2 % of GDP during the first quarter of the current fiscal (April – June 2015) over the last quarter last fiscal. The overall balance of payments surplus narrowed to \$ 11.4 bn during April – June 2015 against the surplus of \$ 30.1 bn during January – March of the year.

The central bank of Thailand has left its benchmark one-day repo lending rate unchanged at 1.50 %.

The central bank of Indonesia has left its key policy rate unchanged at 7.50 %.

China is to build a 21 mile-tram network costing \$ 475 mn in Addis Ababa, the capital city of Ethiopia, the second most populous country, after Nigeria, in the African continent. The project is the first of its kind in sub-Saharan Africa.

Bangladesh plans to invest \$ 8.0 bn over the next few years in its infrastructure network development to help it move forward from the current "take-off" status to a fast growing economy depending upon – domestic and external resources availability.

CPI inflation in Canada at 1.3 % in September remained unchanged from the August level, year-on-year.

The illegal entry of migrants into Europe is severely disrupting the economies of the region.

The central bank of Morocco has left its prime lending rate unchanged at 2.5%.

The London Stock Exchange has over taken the New York Stock Exchange at the world's top financial hub.



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