

economicletter

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Pakistan

The SBP Governor has urged that policy measures be evolved to protect the interests of depositors of non-banking financial institutions.

- According to SBP, home remittance during July – December 2015 rose to \$ 9.735 bn against \$ 9.162 bn in the same period of 2014.
- The SBP in a research study has urged that government to diversify export destinations to bridge the merchandise trade gap.
- According to SBP, private sector credit off-take in the first half of the current fiscal stood at Rs. 343 bn against Rs. 198 bn in the same half last fiscal.

According to SBP, total liquid foreign exchange reserves as on January 8, 2016 stood at \$ 20.760 bn of which \$ 15.824 bn was held by SBP and the rest with banks.

The IMF expects the economy to grow by 4.5 % in the current July – June 2015 – 16 fiscal against the target of 5.5 % yet strong enough to meet all its external debt obligations.

- The IMF has come to conclude that structural impediments and security concerns are coming in the way of higher growth rate achievable by the economy.
- The IMF has noted that export earnings have fallen from 16 % of GDP in 2005 to 12 % of GDP in 2014.
- The ECC of the Cabinet has approved import of LNG from Qatar costing \$ 16.0 bn over the next 15 years.

Merchandise trade deficit PBS f.o.b data during July – December 2015 narrowed to \$ 11.924 bn against \$ 12.087 bn during the same period of 2014.

Total despatch of cement industry data during the first half of the current fiscal (July – December 2015) at 18.21 mn tonnes-

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	6.21	6.46	Rs. 153.4	Rs. 114.1	Rs. 104.9	32534	Rs.38,485
Ending	6.15	6.40	Rs. 151	Rs. 114	Rs. 104	31001	Rs.38,314
Change	-0.06	-0.06	-2.4	-0.1	-0.9	-1531	-171

stood higher against 17.12 mn tonnes in the same half last fiscal. Domestic despatches were recorded higher by 16.34 % while foreign despatches were lower by 25.39 % during the above periods.

Total sale of locally assembled cars (industry data) in the first half of the current fiscal (July – December 2015) rose to 89, 824 units against 58, 227 units in the same half last fiscal.

The government has imposed a 16.97 % anti – dumping duty on sugar alcohol importable from India for a period of five years.

International

The Chinese government in its latest revised data has reaffirmed GDP growth in 2014 over 2013 at 7.3 % to \$ 9.63 trillion.

The crash of the Shanghai market twice in a week, suspension of trading for some hours, intervention by the government, a slowing economy has led to ripple effects in stocks trading across the world raising the spectre that a new downturn may grip world economies given China as the main vehicle of global growth.

China's foreign exchange reserves at end – December 2015 stood at \$ 3.3 trn having fallen by \$ 108 bn over end – November level. For the whole of 2015, the reserves declined by \$ 513 bn over the whole of 2014. The reserves held by the central bank are still the highest single – country level in the world.

The People's Bank of China, the central bank of the country has set the parity of the yuan, the national currency, relative to the U.S. dollar to a 5- year low.

CPI inflation in China rose by 1.6 % in December against 1.5 % in November dispelling doubts that a deflationary spell could take hold.

The World Bank has forecast that global growth in 2016 may be lower at 2.9 % against earlier estimates of it being 3.3 %. Growth in 2015 has been provisionally placed at 2.4 %.

Unemployment in the U.S. in December stood at 5.0 % of work-force, lowest since 2008.

India's industrial production in November 2015 registered a growth of 3.2 %, the slowest pace since October 2011.



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