

economicletter

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Pakistan

According to SBP's Performance Review of the banking sector for the quarter ending June 2015, the **asset base of commercial banks** expanded by 5.7 % over the same quarter of 2014. The capital adequacy ratio (CAR) was 17.2 %, well above the domestic requirement of it being 10 % and the international norm of it being atleast 8.0 %. **Government borrowing** from commercial banks for budgetary support at end – June 2015 stood at Rs. 1.322 trillion against the outstanding Rs. 719 bn as by end – June 2014. Gross non- performing loans (NPLs) as a proportion of all loans decreased by 30 basis points (bps) to 12.4 % during the above quarters of 2014 and 2013. **Profitability** of the sector after taxation rose by 52 % during the end – June 2014 and end – June 2015 quarters period.

According to SBP, total liquid **foreign exchange reserves** as on September 25, 2015 stood at \$ 18.349 bn of which \$ 13.408 bn was held by SBP and the rest with banks.

The government has revised \$ 500 mn at 8.25 % for a ten – Year period through issuance of euro - bonds.

The IMF has approved the release of \$ 500 mn as the 8th tranche of \$ 6.69 bn Extended Fund Facility (EFF) negotiated in late - 2013.

According to PBS, f.o.b data **total merchandise export** earnings during July – August 2015 amounted to \$ 3.432 bn against \$ 3.825 bn in the same months of 2014. **Total merchandise import** payments were recorded at \$ 7.194 bn against \$ 7.931 bn during the above periods.

According to PBS, f.o.b data, **export** earnings of value-added **textile products** fell to \$ 2.136 bn during July – August 2015, the first two months of the current fiscal, against \$ 2.160 bn in the same months last fiscal.

According to Pakistan Bureau of Statistics (PBS), the large-scale manufacturing (LSM) sector registered a **growth** of 4.67 % in July 2015 over July 2014.

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	6.36	6.61	Rs. 160.25	Rs. 118.15	Rs. 104.55	32,760	Rs. 39,300
Ending	6.37	6.62	Rs. 157.7	Rs. 116.00	Rs. 104.06	32,696	Rs. 39,600
Change	+0.01	+0.01	-2.25	+0.55	-0.49	-64	+300

According to PBS f.o.b data, **export earnings of non-textile products** fell to \$ 1.296 bn during July - August 2015 against \$ 1.665 bn in the same months of 2014.

According to PBS, f.o.b data **import cost of crude oil and petroleum products** fell to \$ 2.396 bn during July – August 2015 against \$ 3.349 bn in the same months of 2014.

The Securities and Exchange Commission of Pakistan (SECP) has notified new cost reporting **regulatory framework** for the **power sector** companies.

International

The U.S. economy expanded by 3.9 % during April – June 2015, year - on - year.

The Reserve Bank of India (RBI) has cut its key lending repo rate by 50 basis points from 7.25 % to 6.75 %, a level lowest for four years.

India has awarded a study contract to **China**, seen as a first step towards granting a contract, to build a **high – speed rail link** connecting the capital city of **Delhi** with the business city of **Mumbai**.

India has offered to invest upto \$ 15 bn in various sectors of **Iran's economy** in exchange of natural gas supply at discounted prices.

Non-Performing Loans (**NPLs**) in **Brazilian banks** assessed by the central bank as repayable within 90 days reached a high of \$ 257.1 bn or 4.8 % of all loans in the banking system in August, highest for two years. Brazil, the largest economy in Latin America is already in **recession**.

Bangladesh has introduced a “**tax fair**” under which small tax payers would be advised by experts about their liability in simple form facilitating their due payment without any hassle.

The **Japanese government** proposes to undertake measures mainly through restructuring and increased public spending to push the size of the economy to a level of \$ 5.0 trillion in the near future.

The central bank of **South Africa**, the second largest economy after Nigeria, has left its **key lending rate** unchanged at 6.0 %.

The **Irish economy**, a recipient of the IMF, led bailout package which was implemented with success, is on course to become the fastest growing in the EU region in 2015 given the growth rates achieved in the first two quarters of the year.



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