

# economicletter

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## Pakistan

The **SBP** has directed **small and medium-sized banks** to achieve capital adequacy ratio (**CAR**) of 10.25 % by end – December 2015.

The **SBP** has directed the **financial sector** to upgrade and modernize their machineries lest any **fake currency** enters the market. It has dispelled rumours that any counterfeit currency is in circulation.

According to SBP, total liquid **foreign exchange reserves** as on October 02, 2015 stood at \$ 20.054 bn of which \$ 13.408 bn was held by SBP and the rest with banks.

According to Pakistan Bureau of Statistics (**PBS**), **headline inflation** measured by the consumer price index (CPI) registered an increase of 1.32 % in September 2015, year-on-year (YoY); **averaged CPI inflation** during July – September 2015 was higher by 1.66 %, YoY, non-food-non-energy (**NFNE**)

trimmed **core inflation** rose by 2.8 % in September over the previous month.

The **World Bank** has forecast that the economy would achieve a **GDP growth of 4.5 %** in the July – June 2016-17 fiscal with a **budgetary deficit** of 3.5 %.

**Moody's** Investors Services has assigned "**B3**" rating to Pakistan's **bonds** floatations, considered to be a strong rating.

According to Pakistan Cotton Ginners Association (**PCGA**), arrival of **new crop** seed-cotton (**phutti**) at ginneries across the country by September 30, 2015 at 3.073 mn bales showed a decline of 25.68 % over the same period last crop season. Arrivals from Punjab and Sindh were lower by 32.7 % and 19.0 % of respectively during the above periods.

Provisional data released by the Federal Board of Revenue (**FBR**) has placed **gross revenue collection** in the first quarter

## 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	6.37	6.62	Rs. 157.7	Rs. 116.00	Rs. 104.6	32,696	Rs. 39,600
Ending	6.37	6.62	Rs. 160.2	Rs. 117.6	Rs. 104.6	33,843	Rs. 40,028
Change	+0.00	+0.00	+2.5	+1.6	+0.00	+1147	+428

of the current fiscal (July – September 2015) at Rs. 600 bn, higher by 10.91 % over the same period last fiscal, yet short of the target of Rs. 648 bn set for the quarter.

According to All Pakistan Cement Manufacturers Association, **total dispatch of cement** during the first quarter of the current fiscal ( July – September 2015) stood at 2.95 mn tonnes against 3.15 mn tonnes in the same period last fiscal. While **domestic** dispatch were higher by 11 % **export dispatch** were lower by 27 %.

The Central Directorate of National Savings (**CDNs**) has reduced the **rate of return** on its various saving scheme by upto 68 basis points (bps) following the cut in SBP's discount rate with which it is linked.

According to oil marketing companies (**OMCs**) total sale of **petroleum products** during July – September 2015 at 5.38 mn tons was lower by 4.0 % over the same period of 2013-14.

**Pakistan and Belarus** have signed a **road – map** for increased economic cooperation between the two countries including establishment of special economic zones.

The **Global Competitiveness Report** 2016 of the World Economic Forum in a survey of 140 countries has upped Pakistan's ranking from 103 in 2014 to 85 in 2015

## International

The 12-nation group of the **Asian – Pacific region** have struck as historic **free trade deal** making it the world's largest single trading bloc accounting for about **40 % of global GDP**. The group includes the U.S and the Japanese economies, the largest and third largest in the world and major emerging economies including that of South Korea and Singapore.

The **World Bank** has forecast that notwithstanding the slowing, the **Chinese economy** would still experience a “**soft landing**” rather than a hard one, as thought earlier, in 2015. This, along with other remedial measures already introduced, would help the economy gain a fast pace in 2016 onwards though not double – digit growth rates as was achieved in the last decade.

The Institute of International Finance has forecast that **emerging economics** would experience a **net outflow of capital** in 2015 for the first time in 27 years largely due to sluggish growth in Europe and mainly due to the slowing Chinese economy which has been the principal vehicle of global growth in the last decade.

The **U.S trade deficit** widened to \$ 48.3 bn in August higher by 15.6 % over July.

The central bank of **Australia** has left its **lending rate** unchanged at 2.0 %.



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