

# economicletter

a weekly publication of The Institute of Bankers Pakistan

## Pakistan

The **SBP** has put in place an advanced **risk management** measure in the banking system to keep an eye both at the individual and institutional level operations.

The **SBP** has directed banks and financial institutions to submit to it list of **defaulters** for a year or more in their credit reports separately.

The **SBP** has setup a “**Green Banking Unit**” mainly with a view to have sustainable banking visions and reorientation of banking practices, in operations and products.

According to SBP, total liquid **foreign exchange reserves** as on October 30, 2015 stood at \$ 19.812 bn of which \$ 14.822 bn was held by SBP and the rest with banks.

The **IMF** has approved the release of **\$ 502 mn** tranche of the Extended Fund Facility (**EFF**)

According to Pakistan Bureau of Statistics, (**PBS**) inflation measured by the consumer price index (**CPI**) was recorded at **1.60 %** in October, year-on-year (YoY), the lowest monthly reading for **twelve years**. Averaged **inflation** during **July – October** stood at **1.65 %**, YoY, Non-food-non-energy (**NFNE**) trimmed core inflation was higher by **3.4 %** in October, lowest for 13 months. **Food and non-food inflation** in October registered increases of 0.4 % and 2.4 % respectively YoY.

According to provisional Federal Board of Revenue (**FBR**) data, gross revenue collection during **July – October**, 2015 exceeded **Rs. 814 bn** against Rs. 725 bn in the same period of 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	6.22	6.47	Rs. 161.7	Rs. 116.00	Rs. 105.65	34,261	Rs. 40,157
Ending	6.19	6.44	Rs. 161.75	Rs. 115.25	Rs. 105.95	34,426	Rs. 39,385
Change	-0.03	-0.03	+0.05	-0.75	+0.3	+165	-772

According to Securities and Exchange Commission of Pakistan (SECP) the assets base of non-banking financial corporations (NBFCs) rose to R. 111.0 bn by end – June 2015 against Rs. 48.0 bn as at end – June 2014. Their lending portfolio increased to Rs. 40.0 bn against Rs. 36.0 bn during the above periods.

The government has revised upwards the per litre cost of motor gasoline (petrol) and high-speed diesel (HSD), leaving the prices of other petroleum products unchanged for November by way of its monthly fuel adjustment policy.

The World Bank in its latest update expects the economy to grow by 4.5 % in the current fiscal ending June, 2016 and then grow by 4.8 % in the following fiscal ending June 2017.

## International

The Chinese Premier has affirmed that economic growth of 6.5 % annually over the years to come would suffice goals it wants to achieve in the future. Experts generally believe that it would thus remain the main driving force of global growth, a position it currently enjoys.

The U.S GDP growth slowed to 1.5 % during July – September 2015 against 3.9 % during April – June of the year.

Standard e Poor's, a top international credit rating agency, has lowered Saudi Arabia's long-term credit rating by a match to "A+".

Moody's Investors Services has upgraded the rating of Indian banks to "stable" from "negative".

The central bank of China has cut its one-year benchmark lending rate by 25 basis points (bps) to 4.35 % effective October 30, 2015. The cut is for the sixth time since November 2014.

China posted a goods surplus of \$ 60.34 bn in September, slightly higher than \$ 60.24 bn in August.

Japan has signed deals worth \$ 18.0 bn with Turkmenistan to develop the country's various sectors of the economy particularly the energy sector.



**Editor: Syed Mahdi Mustafa [M.Sc. London School of Economics]** |

**Composer: Fizza Rizvi**

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan

Phone: (021) 35277538 | Fax: (021) 35222416 | Email: publications@ibp.org.pk | Website: www.ibp.org.pk

General Disclaimer: Data used in the Economic Letter is based on government sources besides recognised representative private sector trade bodies as reported in the print media. They are cross-checked before release. Yet an error or two may creep in, regrettable as they may be as part of human nature. Reporting is unopinionated. The Institute of Bankers Pakistan stands totally absolved of any error contained in the Economic Letter, either in reporting or composing.