

economicletter

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Pakistan

According to SBP, **home remittances** in the first seven months of the current fiscal (July-January 2014-15) rose by 14.6% to **\$ 10.358 bn** compared to **\$ 9.038 bn** in the same period last fiscal.

According to SBP, total **liquid foreign exchange** reserves as on February 06, 2015 stood at \$ 15.238 bn of which \$ 10.417 bn was held by SBP and the rest with banks.

According to the Federal Finance Minister, the **World Bank** has accorded approval for financing five power sector projects resulting in addition of **10,000 MWs of electricity** to the national grid. Details are being worked out.

The Cabinet Committee on Privatisation (**CCoP**) has approved in principle **divestment** of part of government-held shares in Habib Bank Ltd. (**HBL**) anticipated to fetch **\$ 1.3 bn**.

The government has launched a new **textile policy** for the period of **2014-19** under which exports of the sector are stipulated to rise to **\$ 26.0 bn** by 2019 against **\$ 13.0 bn** as of now, with an inbuilt subsidy of Rs. 64.19 bn. The policy measures to achieve the 2019 target include, amongst others, duty drawbacks, duty exemption on plants and machinery and concessional long-term loans.

According to All Pakistan Cement Manufacturers Association, total **despatch of cement** during July-January 2014-15 at 20.022 mn tonnes represented an increase of 6.18% over the same period of 2013-14. The growth was led by domestic despatches which registered an increase of 9.45% during the above periods.

The Securities and Exchange Commission of Pakistan (**SECP**) has **notified regulations** for development of **Islamic capital market** through Shariah compliant financial products including **Islamic Sukuk bonds**.

A Chinese mining firm has discovered **huge reserves of copper, silver, gold and about 500 mn tons of iron ore** in the district of Chiniot, in the province of Punjab.

According to Pakistan Automotive Manufacturers Association, total **sale of locally assembled cars** during July-January 2014-15 was 74,497 units against 64,834 units in the same period of 2013-14.

The **Sensitive Price Indicator** (SPI) registered an increase of 0.44% in the week ending February 04, 2015 over the same week of 2014. The weekly SPI monitors changes in prices of 53 essential commodities, mostly kitchen items, data for which is collected from 17 urban centres.

Markets at a glance

Weekly Review	KIBOR (6 months)		Foreign Exchange Rates			KSE	Gold Rate
	Bid %	Offer %	UK (£)	Euro (€)	US (\$)	100 Index	(10 gm)
Beginning	8.28	8.53	Rs.154.92	Rs.115.83	Rs.101.13	34,656	Rs.41,914
Ending	8.26	8.51	Rs.156.10	Rs.115.95	Rs.101.43	33,943	Rs.41,142
Change	- 0.02	- 0.02	+ 1.18	+ 0.12	+ 0.30	- 713	- 772

INTERNATIONAL

The **G-20** group of richest countries in the world has agreed in principle to focus on **growth-oriented strategies** rather than confine on containment of **public debt and fiscal gaps** though not bypassing their needs altogether. The Group hopes to achieve its objective through change in priority and by lengthening periods of debt management.

The U.S. trade deficit, adjusted for inflation, rose to \$ 54.7 bn in December 2014 against \$ 48.7 bn in November of the year.

Under a new formula of calculating the gross domestic product (**GDP**), **India's** economy has been forecast to grow by **7.4%** in the current fiscal ending March 2015, compared to a growth of **4.7%** projected earlier under the old formula.

The Bank of England (**BoE**) has left its key lending rate unchanged at **0.50%**, unchanged for nearly six years. The economy expanded by 2.6% in 2014, fastest pace since 2007.

CPI inflation in China fell sharply to 0.8% in January, lowest since the November 2009 level of 0.6% and compared with the rise of 1.5% in December 2014. It was well off the government's target of keeping it close to 2.0% lest **deflation** strikes.

The Central Bank of China has reduced the cash reserve requirement (**CRR**) – the amount of cash banks must hold back from lending – of big banks by 50 basis points (bps)

to 19.5%. The decrease is estimated to inject \$ 96 bn by way of liquidity available for on-lending.

According to the Ministry of Finance, the Government of **India** is to **inject \$ 1.1 bn** in **nine state-owned banks** in appreciation of their efficient handling of credit portfolios. The move was a surprise as the government stands pledged to help ailing banks with doubtful credit portfolios.

Standard e Poor's, an international credit rating agency, has **downgraded** the sovereign debt rating of **Greece** by a notch to "B -", a level just above default status.

CPI inflation in Russia rose by 3.9% in January 2015 over December 2014, year-on-year, the highest monthly rise since February 1999. Food inflation was higher by 5.7% during the above months.

Averaged **inflation in Brazil**, the largest Latin American economy, in 2014 was recorded at 6.41%, within the government's tolerance limit of it being 4.5%, plus minus 2.0%.

GDP growth in Indonesia, the largest Southeast Asia economy, slowed to 5.0% in 2014 against 5.8% in 2013. The pace last year was the slowest since 2009.

Standard e Poor's, an international credit rating agency, is to pay a **penalty of \$ 1.5 bn** to U.S. regulatory authorities on grounds of incorrect information given to its clients related to mortgaged securities particularly in the housing sector.



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