

# economicletter

a weekly publication of The Institute of Bankers Pakistan

## Pakistan

According to SBP, the country's external debt and liabilities rose to \$ 68.5 bn by end – December 2015 against \$ 64.0 bn as at end – December 2014.

According to SBP, net private foreign direct investment (FDI) in the first seven months of the current fiscal (July – January 2015 -16) amounted to \$ 648 mn against \$ 620 mn in the same period last fiscal.

The SBP has directed all banks and DFIs for verification of user accounts on Data Accounts Period (DAP) and submit to it the same within 15 days.

According to SBP, the current deficit in the first seven months of the current fiscal (July – January 2015-16) narrowed to \$ 2.006 bn against \$ 2.641 bn in the same period last fiscal.

According to SBP, private foreign direct investment (FDI) from China into Pakistan rose by 120 % over the same period last fiscal to \$ 408 mn, highest from any other country.

According to SBP, portfolio investment in the bourses of the country witnessed an outflow of \$ 63 mn during July – January 2016 compared to an inflow of \$ 165 mn in the same period of 2014 – 15.

According to SBP, total liquid foreign exchange reserves as on February 19, 2016 stood at \$ 20.332 bn of which \$ 15.478 bn was held by SBP and the rest with banks.

The Advisor to the Prime Minister of Foreign Affairs has informed the National Assembly that the country has suffered a cumulative loss of \$ 107 bn in its war against terrorism during the last five years including \$ 25.11 bn and \$ 23.88 bn in 2013 – 14 and 2014 – 15 fiscals respectively.

## 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	6.11	6.36	Rs. 152.45	Rs. 117.75	Rs. 106.3	31,011	Rs. 40,714
Ending	6.10	6.35	Rs. 148.70	Rs. 116.00	Rs. 106.20	31,228	Rs. 41,614
Change	-0.01	-0.01	-3.75	-1.75	-0.1	+217	+900

According to the Federal Commerce Minister, the GSP – plus status allowed by the European Union (EU) has enhanced the country's export to the region by 31% to 1.6 bn euros.

The Economic Coordination Committee (ECC) of the Cabinet has extended the data for non-filers of 0.3 % with-holding tax (WHT) till February 29, 2016.

The Economic Coordination Committee (ECC) of the Cabinet has approved a revolving sovereign guarantee for power projects under the China – Pakistan Economic Corridor (CPEC).

Pakistan stands to gain significantly following the lifting of sanctions against Iran by the U.S led coalition of countries. Improved trade relations with Iran have brightened the prospects of executing the Iran – Pakistan gas pipeline which was held in abeyance for quite sometime due to the sanctions.

## International

The central bank of Indonesia, the largest economy in Southeast Asia, has cut its key lending rate by 25 basis points (bps) to 7.0 % The cut is the second in two months aimed at spurring growth.

The Central bank of Mexico has raised its key lending rate by 50 basis points to 3.75.

The central bank of Sri Lanka has raised its benchmark lending rate, for the first time in about four years, 50 basis points (bps) from 7.50 % to 8.0 %. The raise is in partial fulfillment of the conditionalities imposed for the bailout package it has negotiated with the IMF in April 2015.

Saudia Arabia has reiterated that it would not cut its oil production as is being sought by some OPEC member countries to stabilise and increase price in a world market awared with oil yet demand continuing to remain low.

Russia, Saudi Arabia, Qatar and Venezuela have decided not to enhance their oil production with a view to contain the oil glut already so well entrenched.

The Bank of Japan has embarked upon a negative interest rate to prop-up the economy now in recession.

The European Central Bank (ECB) has firmly held that although downslide risks lower around global growth; there is no possibility of a growth recession creeping in.



**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.