

# economicletter

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## Pakistan

The SBP Governor has inaugurated a new high-tech data center at its financial monitoring unit (FMU) aimed at tracking and tackling money laundering and terrorism financing channels.

According to SBP, home remittance during July-January 2016-17 fell to \$ 10.946 bn against \$ 11.154 bn in the same period of 2015-16.

According to SBP, net foreign direct investment (FDI) during July – January 2016-17 stood at \$ 1.162 bn against \$ 1.057 bn in the same period of 2015-16. Portfolio investment was \$ 354.7 mn negative against the outflow of \$ 313.7 mn during the above periods.

The SBP has signed a memorandum of understanding (MOU) with the central bank of Nepal aimed at enhancing bilateral relationship and share information to accomplish convergence of mutual interests thus helping cross border supervision of banks.

According to SBP, private sector credit offtake during July-January 2016-17 rose to Rs. 315 bn compared to Rs. 250 bn in the same period of 2015-16.

According to SBP, currency in circulation – cash in hand – rose to Rs. 3.402 trn by end - December 2016 against Rs. 2.880 trn as on end - December 2015.

The SBP has held that payment of wheat export subsidiary allowed by the government will be made only after full realisation of export proceeds.

According to SBP, total liquid foreign exchange reserves as on 10<sup>th</sup> January 2017, stood at \$ 21.824 bn of which \$ 16.993 bn was held by SBP and the rest with banks.

The Prime Minister expects the economy to grow by an annualised pace of 8.0% between 2018 to 2025. He has apprised

## Markets at a glance \*Rates are taken till 5 pm\*

Weekly Review	KIBOR (6 months)		Foreign Exchange Rates			PSX	Gold Rate
	Bid %	Offer %	UK(£)	EURO(€)	USD(\$)	100 Index	(10 gm)
Beginning	5.89	6.14	Rs. 134.25	Rs. 114.20	Rs. 107.20	49,925	Rs. 43,371
Ending	5.89	6.14	Rs. 133.50	Rs. 113.60	Rs. 107.10	49,375	Rs. 43,371
Change	+0.00	+0.00	-0.75	-0.6	-0.1	-550	+0.00

international investors that during the last three years the fiscal deficit has been brought down from 8.6% to 4.2% of GDP, tax-to-GDP ratio has been increased from 9.8% to 12.4% and investment to GDP ratio has been raised from 14.9% to 15.2%.

The Federal Finance Minister has informed the senate that 19 banks and financial institutions had written - off 4.653 bn of loans since March 2010 to now.

According to the Ministry of Finance, the fiscal deficit during July – December 2016 stood at 2.4% of GDP against 1.7% of GDP in the same period of 2015. The government has targeted to contains it at 3.8% of GDP in the full July – June 2016 – 17 fiscal.

Merchandise export earnings (PBS f.o.b. data) during July-January 2016-17 fell to \$ 11.685 bn against \$ 12.073 bn in the same period of 2015-16. Merchandise import payments rose to \$ 29.113 bn against \$ 25.617 bn during the above periods.

Export earnings (PBS data) of the services sector during the first half of the current fiscal (July-December 2015-16) at \$ 2.535 bn was lower by 12.43 % over the same half last fiscal. Import payments at \$ 4.244 bn was higher by 1.78% during the above periods.

The government has raised the price of petrol and hi-speed diesel (HSD) by Rs. 1.0 per liter each.

## International

The Japanese economy expanded by 1.0% in 2016 against the growth of 1.2% in 2015.

The German economy expanded by 1.9% in 2016, the fastest pace in 5 years.

Inflation in India measured by the wholesale price index (WPI), the country's main parameter for gauging it, rose by 5.25% in January, year-on-year, the highest level since July 2014.

The central bank of Mexico has raised its benchmark interest rate by 50 basis points (bps) to 6.25%, highest since March 2009.

The central bank of the Philippine has left its benchmark overnight lending rate unchanged at 3.0%, a level last reached in September 2014.



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