

economicletter

a weekly publication of The Institute of Bankers Pakistan

Pakistan

According to SBP, total outstanding advances of the banking sector by end-2016 stood at Rs. 5.571 trn, having increased by Rs. 790 bn over end-December 2015.

According to SBP, the cumulative value of branchless banking (BB) transaction by end- September 2016 quarter fell to Rs. 519.8 bn against Rs. 543.6 bn by end- June quarter of the year. The number of BB accounts rose to 16.9 mn against 14.6 mn during the above periods cumulated.

According to SBP, total liquid foreign exchange reserves as on 20th January 2017, stood at \$ 23.246 bn of which \$ 18.384 bn was held by SBP and the rest with banks.

According to Ministry of Finance, the country received \$ 4.15 bn (51 % of the budgeted amount) during the first half of the current fiscal (July-December 2016) as loans and grants from multilateral and bilateral lenders compared to \$ 4.1 bn during the same half last fiscal.

The ECC of the cabinet has allowed export of 0.3 mn tonnes of urea fertilizer without the subsidy of Rs. 200 per bag available at domestic sales. The facility of export would be applicable till end-April 2017.

Export earnings (PBS f.o.b data) of value-added textiles and clothing in the first half of the current fiscal (July-December 2016) at \$ 6.156 bn was lower by 1.65% over the same period last fiscal.

Arrival of new crop seed-cotton (phutti) at ginneries across the country (PCGA data) by mid-January 2017 at 10.54 mn bales was higher by 11.2% over the same period last crop season. Arrivals from Punjab and Sindh were higher by 17.8 % and 1.01% respectively during the above periods.

The FBR has reduced the imposition of withholding tax on bank transactions for non-filers of income tax from 0.6 % to 0.4 % till end-March 2017.

The FBR has exempted customs duty and additional customs duty on imports of 13 textile related items during mid-January 2017 to end-June 2018.

The Federal Board of Revenue (FBR) has exempted sales tax on imported machinery of textile units between mid- January 2017 to end-June 2018.

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	5.87	6.12	Rs. .129.1	Rs. 111.85	Rs. 104.89	49364.83	Rs. 43,628
Ending	5.86	6.11	Rs. 131.56	Rs. 112.08	Rs. 104.88	49963.77	Rs. 42,942
Change	-0.01	- 0.01	+ 2.46	+ 0.23	- 0.01	+ 598.94	-686

The Asian Development Bank (ADB) has signed a \$ 197 mn agreement under which it would provide the sum for post-flood national highways rehabilitation project.

Agreements worth \$ 720 mn have been signed for co-financing by the World Bank and Asian Infrastructure Investment Bank for various projects in the hydropower sector as also in governance and policy matters areas.

International

The Chinese economy has been officially estimated to have expanded by 6.7% in 2016, within the government's target of between 6.5-7.0% yet slower than 6.9% in 2015.

The Chinese President has contended that the country's economic expansion would be sufficient to meet domestic demands and international commitments.

The new U.S president has withdrawn the country from the 12-nation trans-Pacific Partnership (TPP), an initiative of the outgoing President.

Saudi Arabia has reduced its total oil output to below 10 mn barrels per day (bpd), lowest since February 2015 as part of an attempt by OPEC and non-OPEC countries to stabilize its prices.

Abu Dhabi's government has merged two of its top investment bank to form a new entity whose asset base would now come to \$ 125 bn helping it thus to compete at the international level.

Russia has merged as the largest crude oil supplier to China in 2016 overtaking Saudi Arabia.

The IMF has revised upwards prospects for U.S GDP growth to 2.3% in 2017 and then to 2.5% in 2018 against it being 1.6% in 2016.

The central bank of Indonesia has left its main lending rate unchanged at 4.75 %.

The central bank of Malaysia has left its key lending rate unchanged at 3.0 %.

Following the decision of OPEC to cut production with a view to stabilize falling crude oil prices; Russia, a non-OPEC member, has also agreed to cut its output by 100,000 barrels per day (bpd) from its current production of 11.1 mn bpd.

CPI inflation in the U.S rose by 2.1 % in 2016 compared to 0.7 % in 2015.



Editor: Syed Mahdi Mustafa [M.Sc. London School of Economics] | Composer: Mahreen Channa

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.