

economicletter

a weekly publication of The Institute of Bankers Pakistan

Pakistan

According to SBP, home remittances in the first eight months of the current fiscal (July-February 2016-17) fell to \$ 12.363 bn against \$ 12.677 bn in the same period last fiscal.

According to SBP, foreign direct investment into Pakistan rose to \$ 1.285 bn during July-February 2016-17 against \$ 1.212 bn in the same period of 2015-16.

The SBP has directed banks to revisit their foreign travel policy and submit its report within 90 days to ensure that no trade-based money laundering takes place.

According to SBP, gross outstanding housing finance provided by banks and DFIs by end-December 2016 stood at Rs. 69.3 bn against Rs. 65.7 bn by end-June 2016.

According to SBP, total liquid foreign exchange reserves as on 10th March 2017, stood at \$ 21.822 bn of which \$ 17.238 bn was held by SBP and the rest with banks.

Merchandise exports earnings (PBS f.o.b. data) during July-February 2016-17 at \$ 13.318 bn was lower by 3.9% over the same period of 2015-16. Import payments at \$ 33.520 bn was higher by 15.99% during the above periods.

According to the Ministry of Commerce, the bilateral trade volume with China in the July-June 2015-16 fiscal reached a level of \$ 13.77bn with Pakistan's exports at \$ 1.69 bn and imports at \$ 12.08 bn.

Export earnings of the services sector (PBS data) fell to \$ 2.895 bn during July-January 2016-17, lower by 10.3% over the same period of 2015-16. Imports of the sector rose by 2.5% to \$ 4.881 bn during the above periods.

The government has launched the first ever registered premium prize bond worth Rs. 40,000 with a first prize tag of Rs. 80 mln. Every six months, interest would also be payable on the bonds.

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. 128.75	Rs. 111.75	Rs. 106.20	49,191	Rs. 42,900
Ending	5.87	6.12	Rs. 130.25	Rs. 113.90	Rs. 106.50	48,409	Rs. 43,285
Change	+0.00	+0.00	+1.5	+2.15	+0.3	-782	+385

International

The U.S. Federal Reserve has raised its key overnight lending rate by 25 basis points from 0.75% to 1.0%, the raise being the second in three months.

The Bank of England has left its key lending rate unchanged at 0.25%.

The European Central Bank (ECB) has left its "refi" (refinance) rate unchanged at 0.0% and the deposit facility rate at minus 0.4% meaning banks have to place their excess cash with the ECB.

The central bank of Malaysia has left its key lending rate unchanged at 3.0%. GDP growth in 2016 was recorded at 4.2%, the slowest pace since 2009 when the economy had contracted.

China posted a trade deficit of \$ 9.15 bn in February, the first in three years, against a surplus of \$ 51.3 bn in January.

CPI inflation in India registered a rise of 3.65% in February while WPI inflation was recorded at 6.55% in the month, both year-on-year.

CPI inflation in Bangladesh rose by 5.31% in February against the rise of 5.15% in January, YoY. Food inflation was higher by 6.84% against 6.53% in January during the above months, YoY. CPI inflation in the fiscal ending June 2016 averaged 5.92%, lowest for 12 years.

Japan's core - CPI inflation which includes energy costs but excludes food prices registered a rise of 0.1% in January, YoY, the first gain since December 2015.

GDP growth in South Africa slowed to 0.3% in 2016 against 1.3% in 2015 but is being forecast to grow again by 1.3% in 2017.

Kuwait is building a 22-mile long causeway, most of it over water in the north of the country in its Silk City to revive the old silk road connecting it with the Central Asian Republics as also with Europe eyeing better trade relations in both regions.

The Australian economy expanded by 2.4% in 2016 against 1.9% in 2015.

GDP in Azerbaijan shrank by 3.8% in 2016, year-on-year against a growth of 1.1% in 2015. The Central - Asian Republic was hit hard by falling oil and gas prices which together constitute 75% of government revenue and accounts for 45% of the country's G.D.P.



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

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.