

economicletter

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Pakistan

According to SBP, the level of non-performing loans (NPLs) declined by about 2% to Rs 635.831 bn by end-September 2012 against Rs 653.982 bn at end-June of the year.

According to SBP, home remittances in the first five months of the current fiscal (July-November 2012) rose by 14.16% to \$ 5.982 bn against \$ 5.239 bn in the same period last fiscal. Highest inflow was from Saudi Arabia at \$ 1.609 bn followed by \$ 1.240 bn from the UAE and \$ 993 mn from the U.S. with significant flows from some other countries also.

According to SBP, liquid foreign exchange reserves as on December 7, 2012 stood at \$ 13.374 bn of which \$ 8.514 bn was held by the SBP and the rest with banks.

The Bangladesh high Commissioner has urged Pakistan for an early establishment of a direct shipping line between the two countries to facilitate bilateral trade particularly to provide the country's 5,700 readymade garment factories with Pakistan's surplus exportable raw cotton. Additionally, Pakistan has a growing potential market in Bangladesh for export of cement, engineering goods, sugar, agricultural and transport equipment, electrical and non-electrical machinery amongst other exportable items.

The Senate Standing Committee on Water and Power has been informed by the Ministry of Water and Power and WAPDA that delays in the completion of Neelum-Jhelum hydro-power project scheduled to be on-stream by 2016 capable of generating 969 MWs of electricity has been stalled because of lack of foreign funding arrangement of \$ 1.0 bn. Work on the construction of the Diamer-Bhasha is yet to get going as the foreign exchange component in its total cost currently estimated at \$ 14.0 bn is yet to be lined up.

The Minister of Finance has informed the National Assembly that the government approved waivers amounting to Rs 656 bn during the fiscals 2008-09 to 2011-12 consisting mainly of customs duties, income tax and sales tax to corporate entities both in the public and private sectors.

The Economic Coordination Committee (ECC) of the Cabinet anticipating a bumper refined sugar production of 5.9 million tons in the current crushing season has allowed export of 1.2 million tons after building an strategic reserve of 0.5 million tons inclusive of carried over stocks from the last season.

According to the Chief Minister of Sindh, NOEL Corporation of the Czech Republic has expressed its intention to setup a power plant with the generation capacity of between 200-400 MWs of electricity based upon the coal deposits of Badin district.

A memorandum of understanding (MoU) has been signed under the Pakistan-US Energy Working Group as a consequence of which the U.S. would provide \$ 2.1 mn to a UK-based consultancy firm to formulate a plan for import of liquefied natural gas (LNG) by Pakistan.

According to Pakistan Bureau of Statistics (PBS), trade deficit during July-November 2012 narrowed by 9.93% over the same period of 2011 to \$ 8.168 bn against \$ 9.069 bn. Exports rose by 7.85% to \$ 10.082 bn against \$ 9.348 bn while imports fell by 0.91% to \$ 18.250 bn against \$ 18.417 bn during the above periods.

According to PBS, the large-scale manufacturing (LSM) sector posted a growth of 1.95% during July-October 2012 over the same period of 2011.

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Markets at a glance

Weekly Review	KIBOR (6months)		Foreign Exchange Rates			KSE	Gold Rate
	Bid %	Offer %	GBP (£)	Euro (€)	USD (\$)	100 Index	(10gm)
Beginning	9.25	9.50	Rs 155.08	Rs 125.16	Rs 96.69	16,807	Rs 53,400
Ending	9.22	9.47	Rs 157.06	Rs 127.19	Rs 97.39	16,845	Rs 53,742
Change	- 0.03	- 0.03	+ 1.98	+ 2.03	+ 0.70	+ 38	+ 342

According to PBS, import of tea during July-October 2012 amounted to \$ 109.567 mn, higher by 6.75% over the same period of 2011.

The government has approved amendments in the Stock Exchanges Corporatization, Demutualization and Integration Act, 2012.

According to a private brokerage house analysis, three initial public offerings (IPOs) were made at the Karachi Stock Exchange (KSE) in 2012 against four new companies listed in 2011.

According to Pakistan Telecommunication Authority (PTA), teledensity at end-September 2012 stood at 72% with the number of mobile subscribers being over 120 mn, having risen by 9.2% over end-September 2011.

According to Pakistan Tourism Development Corp. the country earned \$ 350 mn via the visit of one million tourists in the 2011-12 fiscal.

The Oil & Gas Regulatory Authority (OGRA) has set the retail price of liquefied petroleum gas (LPG) at Rs 125.33 per kg, a reduction of Rs 50 per kg in plain/urban areas and of Rs 90 per kg in hilly areas.

International

According to the Asian Development Bank, economic expansion in developing Asia, excluding Japan, would be in the range of 6.0% in 2012 and 6.6% in 2013, both slower than 7.2% recorded in 2011-12.

Goldman Sachs, famous for its coinage of the BRICs (Brazil, Russia, India and China) now called the BRICS, inclusive of South Africa (capital S) has now come up with a new term called the "Next Eleven" 2030 which forms part of a U.S. government publication titled "Global Trends, 2030. The "Next Eleven" countries comprising of Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam has been forecast to overtake as a group the combined economic size of the 27-nation European Union (EU) countries by 2030. With the inclusion of China and India, global economic power currently resting with the Western economies would decisively shift away from them by 2030.

Japan's economy, third largest in the world after the U.S. and China, contracted by 0.9% in the third quarter (July-September 2012) or by an annualized pace of 3.5% following a contraction of 0.03% in the second quarter. The two successive quarterly contractions has put the Japanese economy in a technical state of recession.

The central bank of Indonesia has left its key lending rate unchanged for the tenth consecutive month at 5.75%. Inflation in the country, the largest economy in Southeast Asia, fell further to 4.32% in November against 4.61% in October, year-on-year.

According to the U.S. Commerce Department, the country's trade deficit in October widened by 4.9% over September to \$ 42.3 bn. Exports of goods and services fell by 3.6% to \$ 180.5 bn while their imports stood lower by 2.1% to \$ 222.8 bn during the above periods.

Canada has approved two major takeovers of energy firms by the Chinese state-owned CNOOC and Malaysia's state-owned PETRONAS at a combined cost of \$ 20.6 bn, of which the Chinese company would takeover the Canadian oil and gas company Nexen, while the Malaysian company would acquire Progress Energy Resources Gas Company at a cost of \$ 5.5 bn.

Standard & Poor's, an internationally recognized credit rating agency, has reaffirmed Canada's triple-A (AAA) sovereign debt rating citing principally its economic strength which can weather the problems of the U.S. economy to which it is closely tied.

Standard & Poor's has left its long-term credit rating of France unchanged at "AA+" despite the country's high public debt and fiscal deficit levels.

Bundesbank, the central bank of Germany, has forecast that GDP growth in the country would be 0.7% in 2012, slowing down to 0.4% in 2013 before accelerating to 1.9% in 2014.

Unemployment in the U.S. in November was recorded at 7.7% of workforce, the lowest level since December 2008.



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