

## Pakistan

The SBP Governor has signed a memorandum of understanding with the Governor of Bank of Korea, the central bank of South Korea, on cooperation and technical assistance between the two central banks, focused on promoting business relations, monetary management, payment and settlement systems and foreign exchange reserve management.

The SBP has allowed microfinance banks to avail financing under its credit guarantee scheme, a facility previously available to commercial banks only.

The SBP has extended the expiry date of the Refinance Scheme for Revival of small and medium enterprises (SMEs) and agricultural related activities in the flood affected areas by one year from end-November 2012 to end-November 2013.

According to SBP data analysis, total external debt and liabilities at end-September 2012 stood at \$ 66.24 bn of which public debt guaranteed by the government stood at \$ 56.39 bn. Pakistan's debt-to-GDP ratio stood at 61.5% at end-June 2012.

According to SBP, liquid foreign exchange reserves as on November 30, 2012 stood at \$ 13.501 bn of which \$ 8.705 bn was held by the SBP and the rest with banks.

Agreements have been signed with South Korea for the construction of a tunnel in the Malakand division, for development in the water sector and for enhanced investment. South Korea would provide \$ 78 mn for the construction of the tunnel linking Swat, Dir and adjacent areas of Malakand besides opening routes for trade with Central Asian Republics.

The China Investment Corporation has expressed its willingness in setting up a Pakistan-specific investment fund with a view to attract Chinese investment in key sectors of Pakistan's economy.

The IMF has urged the government to reform its tax policy compliance and broaden the tax base to contain the country's fiscal deficit which is likely to reach a level of 6.5% of GDP in the fiscal ending June 2013 against the government's target of containing it at 4.7% of GDP.

According to provisional estimates of the Federal Board of Revenue (FBR), gross revenue collection in the first four months of the current fiscal (July-October 2012) rose by 7.7% to Rs 546.2 bn against Rs 507.1 bn in the same period of 2011 and targeted collection of Rs 599.3 bn set for July-October 2012.

According to Pakistan Bureau of Statistics (PBS), headline inflation measured by the consumer price index (CPI) registered an increase of 8.39% during July-November 2012 over the same period of 2011. Non-food-non-energy (NFNE) core inflation was recorded higher at 9.7% in November 2012 over November 2011.

According to PBS, export earning of cement during July-October 2012 at \$ 190.03 mn was higher by 17.30% over the same period of 2011.

According to PBS, import cost of cotton at \$ 164.489 mn during July-October 2012 was 7.62% higher over the same period of 2011. Export earnings of cotton during the first four months of the current fiscal fell by 29.05% over the same period last fiscal to \$ 57.507 mn.

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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	9.29	9.54	Rs 154.70	Rs 125.36	Rs 96.60	16,573	Rs 54,000
Ending	9.25	9.50	Rs 155.08	Rs 125.16	Rs 96.69	16,807	Rs 53,400
Change	- 0.04	- 0.04	+ 0.38	- 0.20	+ 0.09	+ 234	- 600

According to PBS, seafood export earnings during July-October 2012 rose by about 2.0% to \$ 98.697 mn against \$ 97.131 mn in the same period of 2011.

According to PBS, gold import cost during July-Oct. 2012 was lower by 6.57% at \$ 58.427 mn against \$ 62.533 mn in the same period last year.

According to PBS, palm oil import cost during July-Oct. 2012 fell to \$ 693.364 mn against \$ 825.306 mn in the same period of 2011. Import cost of soyabean oil rose from \$ 30.103 mn to \$ 39.494 mn during the above periods.

According to PBS, import cost of pulses in the first four months of the current fiscal (July-October 2012) stood lower by 5.33% over the same period last fiscal to \$ 139.856 mn.

According to Rice Exporters Association of Pakistan (REAP), export earnings of basmati rice during July-Nov. 2012 fell to \$ 152 mn against \$ 306 mn in the same period of 2011. Export earnings of non-basmati rice during July-October 2012 stood lower at \$ 188 mn against \$ 306 mn in the same period of 2011. REAP expects a bumper rice crop at 6.5 mn tons in the current season, about 20% higher over the last crop season.

According to Pakistan Cotton Ginners Association, arrival of phutti (seed-cotton) till end-November 2012 at 9.582 million bales was lower by 0.7% over the same period of 2011. Arrivals from the Punjab were lower by 12% while they were higher by 41% from Sindh.

The National Electric Power Regulatory Authority (NEPRA) has allowed an increase of four paisas per unit of electricity consumed through the distribution companies (discos) under its aegis except for lifeline consumers and users in Karachi.

The liquefied petroleum gas (LPG) marketing companies have increased the price of LPG by Rs 10 per kg and then by Rs 5 per kg within a week's time.

## International

China's GDP growth in 2012 is being officially projected to be 7.5% or more given the economy's expansion of averaged 7.7% in the first three quarters of the year.

India's GDP growth in the second quarter of the current fiscal (July-September 2012) slowed to 5.3% against the expansion of 5.5% in the first quarter and 6.7% achieved during July-September 2011.

The central banks of India and Japan have signed a currency swap trade deal worth \$ 15 bn enabling the two countries to trade in each other's currency without reference to any reserve currency.

South Korea's current account during January-Oct. 2012 was recorded at \$ 34.1 bn, surpassing the central banks forecast of it being \$ 34.0 bn in the full year.

The Bank of Thailand, the central bank of the country, has left its benchmark lending rate unchanged at 2.75% with a forecast of 5.7% GDP growth this year.

The Reserve Bank of Australia has cut its prime lending rate to a record low of 3.0%.

The Bank of Canada has left its prime lending rate unchanged at 1.0%.

CPI inflation in Germany, Europe's largest economy, was recorded at 1.9% in November, thus meeting the ECB target of containing it at 2.0% or less across the EU countries.

Unemployment in the 17-nation eurozone area reached a new high of 11.7% of workforce leaving 19 million people without any regular job and signaling a second recession after that of 2009.

Spain's three nationalized banks are to more than halve their balance sheets in five years, cut jobs and impose losses on their creditor bondholders while a fourth bank would be sold-off in order to qualify for an aid of 40 bn euros (\$ 52 bn) as also to avert seeking any sovereign bailout package.



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