

**Six-month foreign direct investment jumps 68.3pc**

KARACHI: The inflows of foreign direct investment (FDI) jumped 68.3 per cent to \$1.34 billion during the first half of the current fiscal year compared to \$796.8 million in the same period last year.

The major chunk of these investments was concentrated in the telecommunication, power and electrical machinery sectors with China and Norway emerging as the top investors. The SBP figures showed surprise addition of Malta which invested \$111.1m during the July-December period of 2019-20.

The jump in the cumulative FDI numbers came following a one-off payment made by the telecommunication companies — Telenor, Warid and Zong — for licence renewal.

On the flipside, data for December 2019 showed total foreign investment bottom-line outflow of \$198.3m. Although the FDI increased by 52.6pc to \$487m in the month and \$684m outflow in the debt securities – bonds, T-bills and PIBs — closed the total investment account in negative.

Sector-wise, the net FDI in the telecommunication sector rose to \$432m during the first six months of FY20 compared to a net outflow of \$126.3m in the corresponding period last year.

In addition to telecoms, inflows in the power sector also went up by 41.6pc to \$289.7m compared to \$204m. More than half of these investments — \$153m — were in the coal-based power plants.

However, the foreign investments in the financial business fell to \$162.1m during July-December period compared to \$202.2m in the same period last year.

The SBP data showed that the foreign public investment in the government debt papers ie T-bills rose to \$452.2m during the first six months of this fiscal year pushing up the total foreign investment to \$1.811bn from \$377m in the same period last year.

Country-wise, China retained its top position with total investment including direct and portfolio of \$422.3m. Inflows from China have cooled down over the last few quarters following the completion of early-harvest China-Pakistan Economic Corridor projects.

The data further showed Norway as the second leading investor in the country pouring \$288.5m during the period under review. The tally includes licence renewal fee paid by the Norwegian telecom firm and injection of \$70m capital in Telenor Microfinance Bank.

**SBP reserves rise**

The foreign exchange reserves held by the State Bank of Pakistan increased by \$82.30m to \$11.586bn during the week ended Jan 10. The central bank reserves are currently at their 21-month high.

The weekly report issued by the central bank showed reserves held by commercial banks fell by \$43.5m to \$6.537bn.

The country's total reserves rose by \$38.8m to \$18.123bn.