



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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Volume 15, Issue No. 01 | Date: January 03, 2020

A Company Set Up Under Section 42 of the Companies Act, 2017

PAKISTAN TIDINGS

FATF Challenge: SBP Speeds Up Action Plan

In order to further align Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT) Regulations with the Financial Action Task Force (FATF) recommendations, the State Bank of Pakistan (SBP) has amended various regulations for financial institutions. The SBP issued several circulars in a single day for Banks, DFIs, Microfinance Banks (MFBs) and Exchange Companies (ECs) for amendment in banking regulations to strengthen the controls related to Money Laundering (ML)/ Terrorist Financing (TF) risks. Pakistan was put on the grey list of FATF and since then making serious efforts to delist from grey list of FATF, which, in October 2019, has asked Pakistan to complete its full action plan by February 2020. Bankers said that SBP's recent measures are a part of these efforts to meet the FATF action plan before the deadline.

Six-month Revenue Collection Amounts to Rs. 2.080 tr

The FBR has so far collected Rs. 2.080 tr during the first half year as against the target of Rs. 2.367 tr projected for the same period. The tax authority estimates to collect another Rs. 2-4 bn in book adjustments. However, the collection during the first half of current fiscal year is 16.95pc higher than the Rs. 1.784 tr collected in the corresponding period last year.

All Duties, Taxes on Cotton Import Withdrawn

The Economic Coordination Committee (ECC) of the cabinet recently waived all duties and taxes on import of cotton and allowed its import via the Torkham border land route from Afghanistan and Central Asian States to meet the growing demand of the textile value-added sector. The decision taken at a meeting of the ECC, headed by Adviser to the Prime Minister on Finance Dr. Hafeez Shaikh, will be effective from Jan 15, 2020. The government had in 2014-15 imposed 1pc customs duty along with 5pc sales tax on cotton import. Over the next few years, its import was subject to 3pc regulatory duty, 2pc additional customs duty and 5pc sales tax. The duties were withdrawn in January/February 2017 and re-imposed in July-August. On Oct 4 this year, the Cotton Crop Assessment Committee projected that cotton production at the end of the year would be 10.20 mn bales as against the target of 15 mn bales for the fiscal year 2019-20.

CDWP Approves Rs. 13 bn Development Projects

The Central Development Working Party (CDWP) approved eight projects worth Rs. 13 bn with the aims of improving livelihoods, transport and communications, urban resources and water management. The committee meeting, chaired by Deputy Chairman Planning Commission Mohammad Jehanzeb Khan, also recommended five projects worth Rs. 112.20 bn to the Executive Committee of National Economic Council (ECNEC) for consideration. The CDWP approved a project worth

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

MONETARY POLICY RATE

Effective from July 16, 2019 - 13.25pc

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	13.23	13.48
ENDING	13.24	13.49
CHANGE	+0.01	+0.01

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 202.00	PKR 172.00	PKR 155.20
ENDING	PKR 204.50	PKR 173.50	PKR 155.10
CHANGE	+2.5	+1.5	-0.1

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	40,848
ENDING	42,323
CHANGE	+1475

GOLD RATE

	(10 gm)
STARTING	PKR 75,360
ENDING	PKR 75,703
CHANGE	+343



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Rs. 541.09 mn for the improvement of livelihood and well-being of female home-based workers in Sindh.

Provinces Agree on Uniform Standards for Packaged Food

The provinces have finally agreed over the establishment of uniform standards for food and other consumer items across the country with the condition that enforcement will be the responsibility of respective provincial authorities. The decision was taken at the Council of Common Interests (CCI) recently. All provinces agreed to have a uniform standard of food and other consumer products, set by the Pakistan Standard and Quality Control Authority (PSQCA), an attached department of the Ministry of Science and Technology (MoST). Meanwhile the federal government has agreed to give up the power of enforcement and monitoring of standards allowing the provincial government and food authorities to implement the standards.

Half-million Pakistanis Went Abroad in 2019

In the year 2019, according to statistics released by the Bureau of Emigration and Overseas Employment, over half a million Pakistanis went abroad to work in the past year. The largest labor importer of workers from Pakistan was Saudi Arabia, followed by other Gulf nations. However, Pakistanis also set off for faraway destinations such as Sudan, which saw more than 500 people migrate there just last year.

Pak, US Trade Set New Record of \$6.6 bn in 2018: US Embassy

The US embassy has said that Pakistan and the United States set a new record of \$6.6 bn in bilateral trade in 2018. In a statement issued here on the eve of New Year, the US embassy stated that for over 70 years, America has partnered with Pakistan to further Pakistan's development priorities, including, in energy sector, healthcare

Pakistan's Major Economic Indicators - FY 2018 & FY 2019

REAL SECTOR (GROWTH IN %)	FY 2018	FY 2019 _p	FY 2019 _†	-
REAL GDP	5.5	3.3	6.2	-
AGRICULTURE SECTOR	3.9	0.8	3.8	-
INDUSTRIAL SECTOR	4.9	1.4	7.6	-
SERVICES SECTOR	6.2	4.7	6.5	-
CPI INFLATION (YoY%)	FY 2019 _{pa}	JUL-NOV FY20 _{pa}	OCT 2019	NOV 2019
NATIONAL	6.8	10.8	11.0	12.7
URBAN	7.1	10.8	10.9	12.1
RURAL	6.3	10.8	11.3	13.6
FOOD INFLATION-URBAN/RURAL	4.6/4.8	13.0/14.2	13.7/14.6	16.6/19.3
	FY 2018	FY 2019 _p	Jul - DEC 19 _#	-
CURRENCY IN CIRCULATION (IN BILLION Rs.)	476.5	562.2	513.5	-
^p PROVISIONAL	-	-	-	-
^{pa} PERIOD AVERAGE	-	-	-	-
[†] Target from Annual plan 2018-19- PBS	-	-	-	-
[#] Last weekend of the month	-	-	-	-

SOURCES: PBS/ STATISTICS-SBP NEWS December 19/PROVISIONAL DATA



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for vulnerable populations, women's empowerment, education and teacher training, support to law enforcement and private sector development.

Pakistan Eyeing Vietnamese Market to Export Fans

Pakistan is eyeing the Vietnamese market to export electric fans as the East Asian country's demand for fans has increased amid rising tourism. In a visit organized by the Engineering Development Board (EDB), a nine-member trade delegation representing electric fan sector visited Ho Chi Minh City in order to develop business-to-business meetings and explore opportunities to enhance exports. The Pakistan Electric Fan Manufacturers Association (PEFMA) delegation held meetings with different companies including Co Phat Mechanical Manufacturing Company (Cophaco), one of the prominent manufacturers of electric fans in Vietnam.

Govt. to Implement Reforms to Mitigate Economic Risks: IMF

Slow economic growth, and to get out of the grey-list are some of the major risks faced by the country in its stabilization program under the \$6 bn Extended Fund Facility (EFF), said the International Monetary Fund (IMF) recently. The risks were highlighted by IMF Resident Representative Teresa Daban Sanchez, while clarifying the confusions around the first review of Pakistan's economic performance under the EFF. She was speaking at a session organized by the Sustainable Development Policy Institute. At the outset, Sanchez said that Pakistan's overall macro-economic performance remained satisfactory while revenue collections increased substantially, and there is improvement in the trade deficit and net foreign assets as well.

Number of 3G, 4G Users Reaches 74.33 mn by November, 2019

The number of 3G and 4G users in Pakistan reached 74.33 mn by end-November compared to 73.26 mn by end-October, said Pakistan Telecommunication Authority (PTA). Number of mobile phone users in Pakistan reached 164.027 mn by end-November compared to 162.98 mn by end-October, which registered an increase of 1.047 mn

during the period under review. Tele-density for cellular mobile reached 77 pc by end-November. The broadband subscribers reached 76.38 mn by end-November compared to 75.30 mn by end-October 2019.

INTERNATIONAL SCENARIO

US Consumer Confidence Dips Slightly

US consumers were less confident in December, as hopes for jobs and wages dimmed slightly, survey data showed recently. Overall, consumer confidence remained at solid levels, but the unexpected dip hit during the crucial holiday shopping period. Consumer spending is a mainstay of the world's largest economy. Lynn Franco, head of economic indicators at the Conference Board, which produces the monthly report, said the numbers reflected a belief that the economy's expansion could lose steam at the start of next year. "While the economy has not shown signs of further weakening, there is little to suggest that growth, and in particular consumer spending, will gain momentum in early 2020," she said in a statement. The closely-watched Consumer Confidence Index fell marginally to a reading of 126.5, retreating from an upwardly revised 126.8 November level and falling short of economists' expectations. Survey respondents said their current situations improved: those saying business conditions were good were unchanged at 38.7 pc while those who said conditions were 'bad' fell 2.5 points to 11.1 pc.

EU Seeks Reset in Trade Talks With Washington

The European Union's new trade commissioner, Irishman Phil Hogan, was quoted recently as saying he would seek a reset of EU/US trade relations on a number of contentious issues when he meets his U.S. counterpart for the first time next month. The Trump administration imposed tariffs on European steel and aluminum in mid-2018. It has done the same to \$7.5 bn worth of EU products over a dispute about subsidies for European plane maker Airbus and is threatening action against France over a digital services tax. Hogan, who was promoted from the role of EU farm chief this month, spoke to US trade representative Robert Lighthizer.



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Biggest Urbanization in History Underway, Says Study

The world is seeing the biggest wave of urban growth in history with the United Nations expecting almost 70pc of people globally to be living in urban areas by 2050, up from 56pc today. The shift is creating significant challenges for cities around the world, from tackling worsening air pollution in New Delhi to keeping women safe on public transport in Harare. From London to San Francisco, rising rents and a shortage of affordable housing have fueled the number of homeless people living on city streets. In London alone, rough sleeping rose by 18pc over the last year, hitting a decade high of 8,855 people, the majority of whom were new to bedding down in parks or doorways, according to official data released in June. The government has pledged to deliver an additional 250,000 affordable homes by March 2022, while in December a global charity appeal saw more than 2,000 people sleep out on London's iconic Trafalgar square to raise awareness of the problem.

US, China Biggest WTO Winners: Study

Membership of the World Trade Organization (WTO) has benefitted the US and China more than any other nations, a study published recently found, as the two powers seek to defuse a months-long trade conflict. The Bertelsmann Foundation research showed WTO membership has boosted the US gross domestic product by \$87 bn in the 25 years since the country joined. China, which became a member only in 2001, gained \$86 bn, while Germany added \$66 bn. "Even if no organization is perfect, anyone who believes they can rely on a system of bilateral trade agreements instead of the WTO risks enormous losses of prosperity in international trade," said Bertelsmann trade expert Christian Bluth. With 164 member countries, the WTO will celebrated a rocky 25th anniversary on Jan 1, 2020.

India Leads World in Pollution-Linked Deaths

India leads the world in pollution-linked deaths followed by China and Nigeria, according to a report published recently that estimated the global impact of contaminants in the air, water and workplace. The report by the Global Alliance on Health and Pollution (GAHP) found pollution to be the largest environmental cause of premature deaths on the

planet, causing 15 pc of all deaths – some 8.3 mn people. Among the ten countries with the most pollution deaths in 2017, the latest year for which data was available, were some of the world's largest and wealthiest nations, along with some poorer ones. India and China led in the number of pollution deaths, with about 2.3 mn and 1.8 mn deaths respectively, followed by Nigeria and Indonesia. The United States, with a population of 325 mn people, came in at number seven with almost 200,000 deaths. Chad, Central African Republic and North Korea saw the highest number of deaths per 100,000 people (287, 251 and 202 respectively), with India entering the per capita list at number 10 with 174 deaths per 100,000 people.

MANAGEMENT VIEWS

Set Aside Proactive Time for Important Projects

When it comes to our to-do lists, many of us prioritize checking off tasks that are easiest to complete or are due first, regardless of importance. The result? Some important tasks never get done. Managers can help employees by having them set aside proactive time for work that is important but not urgent. Ask them to block time on their calendar each week. For these periods to be effective, they must be distraction-free: shut off email, slack and your phone. While it might be tempting to answer a quick request from a client, this sense of being 'always on' negatively affects productivity. Managers might even consider blocking off this time on employees' calendars themselves. Survey your team to gauge interest, or try a six-week experiment to learn how much time you should block off, or which days work best. Sure, employees could do this for themselves, but having a manager make clear that proactive time is important sets the expectation for focused work and prevents critical projects from falling through the cracks.

(This tip is adapted from *Getting Your Team to Do More Than Meet Deadlines*, by Charlotte Blank, et al-HBR.)



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Record Yourself Practicing Before Your Next Presentation

During a big presentation, people will be paying close attention to what you say and how you say it. You may feel unsure of yourself, but the key to projecting confidence is to practice. Recording yourself can be especially effective. Let us say you have a tendency to use filler words like um, ah, and you know. Use your smartphone to record yourself practicing. Then play it back and make a list of the filler words you use most. Write them down, and practice again. When you catch yourself about to use one, aim for silence instead. Speaking of silence, do not be afraid to take time to pause during your delivery. It gives the audience a break between thoughts and can make your words more memorable. Lastly, vary the pace of your presentation. Slow down and speed up to accentuate your most important points, letting your story guide the pace. Remember, it is the rare presenter who has mastered all of these skills, but all it requires is taking your time and practicing until you get it right.

(This tip is adapted from *How to Look and Sound Confident During a Presentation*, by Carmine Gallo-HBR.)

Marketing Managers: Do Not Lose Sight of Long-term Planning

Marketing is often seen as a lever for driving immediate wins. But a short-term mindset can deliver diminishing results. How can you keep your team's focus on the future despite the demands of the present? First, allocate time every week to think long term. Reflect on your brand-building and customer-relationship goals. Ask your team how short-term decisions contribute to your corporate and marketing strategies. If they do not consider tabling or canceling them outright. Make the case for investment: the more you and your team can demonstrate your impact, the more likely you are to receive additional resources to promote strategic planning. And build more value into offerings — do not only compete on price. Channeling your energy into

planning for the future rather than managing the present will set the stage for long-term growth.

(This tip is adapted from *How Marketers Can Overcome Short-Termism*, by Christine Moorman and Lauren Kirby.)

Freelancers, Choose Your Projects Carefully

When you are a freelancer and you are not sure where your next pay cheque is going to come from, it can be tempting to treat every potential client like royalty. But investing time in a client that does not pan out can be costly and frustrating. As you begin courting a new client, consider two criteria — pay and value — to determine how much time to put in. Pay is the amount of money you will receive. Value can refer to how much your client acknowledges your work, or how much personal passion you have for the project. Obviously, those clients who value your work and pay you well are your first priority. Do not take them for granted. People who pay well but do not value your work can be tricky. Likewise, be cautious about projects where you are valued but the money is not good. This might mean you are currying favor for little or no pay, on the tenuous promise that paying work will eventually come. It is best to keep these clients at a distance, and if necessary, put them off until they are able to pay well for your work.

(This tip is adapted from *How to Negotiate as a Freelancer*, by Andres Lares-HBR.)

SNIPS

Lack of Focus

According to a recent report, the average employee experiences 50 to 60 interruptions per day

High Alert

Research suggests that company executives receive an estimated 46 push notifications every day

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