



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

Volume 13, Issue No. 12 | Date: March 23, 2018

PAKISTAN COMPENDIUM

BANKING SCENARIO

Deposits Folder

According to the weekly statement of position of all scheduled banks for the week ended March 2, 2018 deposits and other accounts of all scheduled banks stood at Rs. 12,052.497 bn after a 1.00 pc increase over the preceding week's figure of Rs. 11,933.267 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 6,642.710bn, higher by 0.20 pc over the preceding week's figure of Rs. 6,628.831 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 7,800.758 bn against preceding week's figure of Rs. 8,126.896 bn, lower by 4.01 pc.

Exports of Textile Group Soar by 7.14 pc in February

Exports of textile group increased by 7.14 pc in February 2018 and reached US \$1.066 bn from US \$995.223 mn for the same month a year ago, according to Pakistan Bureau of Statistics (PBS). Provisional trade data of selected commodities uploaded by the PBS on its website stated that there was growth of 28.04 pc in export of cotton yarn which reached \$120.397 mn from \$94.029 mn for the same month of the last fiscal year. Export of cotton cloth registered an increase by 12.98 pc in February 2018 and reached \$176.295 mn over \$156.037 mn for the same month a year before while export of yarn other than cotton yarn increased by 52.44 pc, soaring to \$2.282 mn from \$1.497 mn. Export of knitwear increased by 13.43 pc in February 2018 to \$ 200.807 mn from \$177.037 mn for the same month of the last fiscal year while export of readymade garments increased by 7.79 pc to \$ 212.968 mn from \$ 197.578 mn during the period under review.

\$ 260 mn ADB Loan to Revamp Power Transmission Network

The Asian Development Bank and the Government of Pakistan signed a \$260 mn loan agreement to improve the power transmission network in Sindh and Balochistan. The agreement is part of the second power transmission enhancement investment program aimed to improve coverage, reliability, transparency and quality of the power transmission service in Pakistan by expanding the 220-kilovolt transmission network in Sindh and Balochistan and upgrading the supervisory control and data acquisition (SCADA) and revenue metering systems (RMS) in the country.

MARKETS AT A GLANCE

Rates are taken till Thursday 5:00 pm*

KIBOR (6 months)

	Bid%	offer%
STARTING	6.23	6.48
ENDING	6.28	6.53
CHANGE	+0.05	+0.05

Foreign Exchange Rates

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 154.50	PKR 137.00	PKR 111.45
ENDING	PKR 159.00	PKR 139.00	PKR 114.00
CHANGE	+4.5	+2	+2.55

Pakistan Stock Exchange

	100 Index
STARTING	43,363
ENDING	45,030
CHANGE	+1667

Gold Rate

	(10 gm)
STARTING	PKR 48,557
ENDING	PKR 49,157
CHANGE	+600

*Owing to Public Holiday on Friday, 23rd March 2018, rates have been taken till 5:00 pm on Thursday, March 22, 2018 .



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 02

Volume 13, Issue No. 12 | Date: March 23, 2018

Online Tax Collection System Launched

The Federal Board of Revenue (FBR) and State Bank of Pakistan (SBP) launched an online tax collection system, allowing taxpayers to pay taxes and duties using internet banking accounts or ATMs, without the hassle of visiting bank branches. The online tax collection system is live now and the taxpayers can pay their federal taxes including income tax, sales tax, customs duty and federal excise duty through alternative delivery channels — ATM, online banking, phone banking and contact centers — at any time seven days a week. The system is based on the 1Link Biller module, whereby FBR has been added as one of the Billers on the banks' 'Bill Payment' page. As per details of the system, to pay the taxes and duties, the taxpayers/importers will fill their tax and custom duty payment details in FBR (IRIS) and Customs (WeBOC) to generate PSID (payment slip ID).

Large-scale Manufacturing (LSM) Rises

Large-scale manufacturing sector rose by 9.44 pc year-on-year during January 2018 according to data released by the Pakistan Bureau of Statistics recently. This growth was registered on the rise in auto sales, steel and cement consumption. The data by PBS showed large-scale industries recording a growth of 13.58 pc during January 2018 compared to December 2017. Experts have forecast that the annual growth would cross the projected figure of 6.3 pc growth in LSM during FY18. The central bank also said the large-scale manufacturing sector had posted 10 pc growth during first quarter of FY18, the largest quarterly growth figure since FY2009.

Seven sectors identified for Pakistan-China investment

The Pak-China Joint Chamber of Commerce and Industry (PCJCCI) in its research report has identified seven high potential sectors for investment between Pakistan and China. The sectors include handicrafts, textile, leather, gemstone, sportswear, surgical instruments, technology based agriculture along with reclamation and salinity control. The idea behind the primary research was to gauge true potential.

HIGHLIGHTS

- Iranian Foreign Minister has invited Pakistan to participate in the Chahbahar seaport project and development of its link with Gwadar Port.
- US approves renewal of the GSP scheme allowing duty – free access for goods from 120 countries including Pakistan, for the next three years.
- Generalized Scheme of Preferences (GSP) allows vulnerable developing countries to pay fewer or no duties on exports to the EU/ USA, giving them vital access to markets and contributing to their growth.
- Pakistan's output target seems promising as 26.5 mn tonnes of wheat are estimated.
- The economic cost of smoking in Pakistan amounts to Rs. 143.208 bn annually which includes direct costs related to health care expenditures and indirect costs related to lost productivity due to early mortality.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 03

Volume 13, Issue No. 12 | Date: March 23, 2018

INTERNATIONAL ARENA

Brexit Transition Deal

Britain and the European Union have agreed to a transition period to avoid a “cliff edge” Brexit next year, after London accepted a potential solution for the border with the Irish Republic that may face stiff opposition at home. The pound surged on confirmation that Britain would remain effectively a non-voting EU member for 21 months, until the end of 2020. Some business leaders, however, echoed a warning from EU negotiator Michel Barnier that the deal is legally binding only if London agrees to the whole withdrawal treaty by next March. That means solving outstanding issues, notably how to avoid a “hard border” that could disrupt peace in Northern Ireland. Britain says an EU-UK free trade deal to be sealed by 2021 can do that. But Dublin insists the Brexit treaty must lock in a “backstop” arrangement in case that future pact does not work.

US Moves Undermine WTO

Nearly 50 countries expressed concern recently about the ‘serious threat’ to the World Trade Organization posed by unilateral trade actions, a pointed reference to US import tariffs that have caused a global outcry. The members expressed deep concern over the ‘serious threat’ posed to the credibility of the WTO, particularly on its principle of ‘nondiscrimination’ following the cycle of recent unilateral trade measures. In some interventions, the need for WTO members taking urgent and coordinated action to address the underlying issues was highlighted. It was recognized by almost all the participants that it is the collective responsibility of WTO members to address the challenges facing the system and putting it back on a steady and meaningful way forward so that it continues to serve the people of our countries.

44 African Nations Sign Pact Establishing Free Trade Area

Forty-four African countries have signed an agreement establishing a free trade area seen as vital to the continent's

economic development. The creation of a free trade area — billed as the world's largest in terms of participating countries — comes after two years of negotiations, and is one of the AU's flagship projects for greater African integration. A separate agreement saw 27 countries agree to the free movement of people across their borders, allowing nationals from other signatory nations to stay in their countries for up to 90 days. The agreement, establishing the CFTA (African Continental Free Trade Area), was signed by 44 countries.

India: The Worrying Decline in Textile Exports

Textile and apparel producers are worried about the continuing decline in exports of these products from India in recent months, despite the government's efforts to boost the sector. The Confederation of Indian Textile Industry (CITI) says textile and apparel exports fell to Rs. 186 bn in January 2018, a sharp 13 per cent decline over the corresponding month in 2017. Textile exports (at Rs. 97 bn) fell by 13 pc, while apparel exports plunged by 14 pc. Cumulative exports of textiles and apparel from April 2017 to Jan 2018 were also down by 4 pc at Rs. 1.87 trillion. Industry leaders are doubtful that the country would achieve the export target of \$45 bn in fiscal year 2018, which ends on March 31. The chairman, CITI, says exports fell by a hefty 40 pc in Oct 2017, followed by sharp drops in November and December as well.

Trump's Tariffs Bring Economic Chaos

Donald Trump's protectionist announcement spread panic from Wall Street to C-suites and beyond. His announcement that he intends to slap stiff and sweeping tariffs on imports of steel and aluminium immediately sent stocks sharply lower. The Dow Jones industrial average dropped by more than 500 points, as if in a we-told-you-so to Trump from National Economic Council Director Gary Cohn and Treasury Secretary Steven Mnuchin. The two Goldman Sachs veterans have marshalled the president's fixation on the stock market to push back against precipitous, punitive trade measures that would spook investors.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 04

Volume 13, Issue No. 12 | Date: March 23, 2018

MANAGEMENT & INFOTECH CORNER

IBM Creates Salt Grain-sized Computer

IBM has created the world's smallest computer the size of a salt-grain and affirmed that it is 'small enough and cheap enough to be put anywhere'. IBM also ensured that the computer does not ignore anything, keeping in view of its size and absorbs computer chip as well. The computer comes with the computing power of x86 chip, though not the best, but still an amazing deal, when compared to the size it has been contained in. The manufacturing cost of the new computer will be less than even ten cents and will consist of 'several hundred thousand transistors', which will allow it to 'monitor, analyze, communicate, and even act on data'. It will feature a static RAM, an LED and photo-detector through which it will communicate and an integrated photovoltaic cell for power.

Don't Let Stress Lead to Bad Decisions

It is hard to think clearly when you are under stress. Your blood pressure and heart rate rise, adrenaline and cortisol flood your body, and your survival instincts kick in — all of which interfere with decision making. To avoid making bad decisions when you are stressed, pay careful attention to your physical symptoms. We all have an inner "lookout" that helps us monitor our reactions. Tap into that part of your mind and look for physical sensations or emotions that indicate your stress level is rising: a tightness in your stomach or a feeling of anxiety or panic. By noticing these reactions, you can hold yourself back from acting rashly.

(Adapted from *Manage Your Stress by Monitoring Your Body's Reactions to It*, by Erica Ariel Fox-HBR.)

Start a Mindfulness Routine

Sometimes it feels impossible to stay focused at work. Mindfulness can help. Studies have shown that people who have a mindfulness routine are less distractible and better at concentrating. You can develop your own routine by scheduling three 10-minute mindfulness sessions throughout your day. Put everything aside — close your email and the door to your office or a conference room — and bring your full attention to your breath. Do not try to control it; just sense the full in-breath and the full out-breath. Of course, your mind is likely to wander — that is normal. Do not judge yourself for these runaway thoughts. Simply guide your attention back to your breathing and start over with the next breath. It is the act of returning your focus to the breath that strengthens the brain's circuitry of concentration — and eventually helps you better control your attention.

(Adapted from *Here's What Mindfulness Is (and Isn't) Good For*, by Daniel Goleman-HBR.)

TIDBITS

A Focus on New Skills at At&T

AT&T is retraining about half its workforce, or about 140,000 employees, so that they can acquire the skills they need to continue working at the company in the future.

More Spending on US Health Care

The percentage of gross domestic product spent in the US on health care rose to 17.9 pc last year.

Workers Wanted

The US insurance industry is going to need some 500,000 new workers in the next several years, according to Robert Hartwig, a professor at the University of South Carolina.

Editor: Rafi Ahmed | Deputy Editor: Shahla Naqvi | Designed by: Haris Jamshaid | Email: Publications@ibp.org.pk

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan

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.

(021)111-000-IBP (021-111- 000-427) (92-21) 35683805 www.ibp.org.pk IBPakistan The Institute of Bankers Pakistan