



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 15, Issue No. 15 | Date: April 10, 2020

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

PAKISTAN TIDINGS

Availability of SBP Helpline

SBP has taken additional measures to facilitate bank customers that are faced with extraordinary challenges arising out of COVID-19 situation in the country. They can now approach SBP through its helpline service in case their queries or complaints are not being responded to by banks. SBP also encourages the public to use digital payment services as much as possible to help banks providing their services with minimal staff to ensure their safety. SBP has taken notice of phone calls to banks' customers by fraudsters seeking personal information taking advantage of the current conditions. Following are the details of measures taken:

Availability of Helpline: To facilitate banking consumers, SBP has advised all banks to ensure that their call centers/helplines are available 24/7 for instant customer support. Banking consumers are encouraged to approach banks through helpline for queries or lodging complaints. In case complainants do not get an appropriate response from banks, they may approach SBP helpline at 021-111-727-273, which will remain available during office hours. To cater to the needs of the public, availability of SBP helpline for customers of banks and public warning against fraudsters calling for personal information citing situation under COVID-19 for facilitation and guidance, SBP has enhanced its helpline capacity by deploying more agents at its call center.

Banking Briefs

Deposits Folder

Deposits of all scheduled banks amounted to Rs. 15,126.310 bn as on March 27, 2020 against Rs. 14,821.424 bn as on March 20, 2020, a rise of 2.06pc.

Credit Portfolio

Advances of all scheduled banks amounted to Rs. 8,259.017 bn as on March 27, 2020, against Rs. 8,229.089 bn on March 20, 2020, more by 0.003pc.

SBP Extends Relief Package Under Its Refinance Schemes

State Bank of Pakistan has continuously been reviewing the challenges arising out of COVID-19 pandemic situation with particular reference to the financial sector and taking measures. Expanding the scope of its recently announced relief package for households and businesses, SBP has taken another major step today. State Bank has allowed similar relaxations, as provided under the relief package, on its concessional refinance schemes. Under various refinance schemes, loans are provided with preferential terms and conditions to promote growth in priority sectors of the economy. The relaxation allowed for deferment in repayment of principal amount for one year for corporate, consumer, agriculture, SMEs and

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

MONETARY POLICY RATE

11pc | Effective from March 24, 2020

KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	10.75	11.00
ENDING	9.96	10.21
CHANGE	-0.79	-0.79

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 188.00	PKR 171.00	PKR 158.50
ENDING	PKR 188.00	PKR 171.00	PKR 158.50
CHANGE	0	0	0

PAKISTAN STOCK EXCHANGE

100 Index

STARTING	31,621
ENDING	32,033
CHANGE	+412

GOLD RATE

(10 gm)

STARTING	PKR 76,732
ENDING	PKR 76,732
CHANGE	0



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microfinance sectors, will now be available on financing of banks/ DFIs under SBP's refinance schemes as well. With this deferment of principal, the complete repayment schedule/tenor of the loan will be extended by one year. The borrowers will, however, continue servicing their mark up during the period of principal deferment. In case borrowers are not able to service mark-up payment, banks/DFIs may reschedule/restructure the loan in such a manner that tenor of the loan can go up to one year beyond the existing maximum tenor of the respective scheme. Borrowers of SBP's following refinance schemes and their Shariah alternatives would benefit from this relaxation:

- Long Term Financing Facility (LTFF)
- Financing Facility for Storage of Agricultural Produce (FFSAP)
- Refinance Facility for Modernization of SMEs
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs
- Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises
- Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons

30 mn Requests Under Ehsas Program

The government has so far received more than 30 mn requests for financial assistance under the Ehsaas Emergency Cash Programme announced for people rendered jobless by the lockdown imposed because of the COVID-19 pandemic. People from all over the country sent their requests through SMS on 8171 introduced by the government for this special financial aid.

Revenue Gap

Provisional figures showed the FBR collected Rs. 325 bn in March against the projected target of Rs. 525 bn, showing a shortfall of around 38pc or Rs. 200 bn. On a year-on-year basis, collections during March fell by around 12pc. The Federal Board of Revenue (FBR) recently announced a revenue loss of over Rs. 200 bn for March owing

PAKISTAN'S MAJOR ECONOMIC INDICATORS

REAL SECTOR (GROWTH IN %)	FY 2018	FY 2019 _p	FY 2020 _t	-
REAL GDP	5.5	3.3	4.0	-
AGRICULTURE SECTOR	3.9	0.8	3.5	-
INDUSTRIAL SECTOR	4.9	1.4	2.3	-
SERVICES SECTOR	6.2	4.7	4.8	-
CPI INFLATION (YoY%)	FY 2019 _{pa}	JUL 19 - MAR 20 _{pa}	FEB 2020	MAR 2020
NATIONAL	6.8	11.5	12.4	10.2
URBAN	7.1	11.1	11.2	9.3
RURAL	6.3	12.2	14.2	11.7
FOOD INFLATION-URBAN/RURAL	4.6/4.8	14.4/16.6	15.2/19.7	13.0/15.5
	FY 2018	FY 2019 _p	1 JUL 19 - 27 MAR 2020	-
CURRENCY IN CIRCULATION (IN BILLION RUPEES)	476.513	562.210	672.361	-
^p PROVISIONAL	-	-	-	-
^{pa} PERIOD AVERAGE	-	-	-	-
^t Target	-	-	-	-

Data Sources: PBS/SBP



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to the coronavirus-led slowdown in economic activity while warning of further losses in the coming months in case businesses fail to resume operations.

Chinese Firms Begin Due Diligence of PSM

The Privatization Commission (PC) has shared the first draft of human resource, financial and tax due diligence with the Pak-China Investment Company (PCIC) and the Bank of China (BoC) for the purpose of reviving Pakistan Steel Mills (PSM). In an update on the privatization program, the commission said recently that the Financial Advisers' Services Agreement (FASA) has already been signed with the PCIC and the BoC, and a team of China's Sinosteel has recently been on a visit to Pakistan. The draft of human resource, financial and tax due diligence were shared with the Ministry of Industries and Production (MoIP) and the PSM management on Thursday for their review and inputs before placing it and the proposed transaction structures for approval of the Cabinet Committee on Privatization, the statement said. Due to the ongoing COVID-19 pandemic, the PC team led by Minister for Privatization Muhammad Mian Soomro held a series of video conferences and meetings during the week with prequalified investment parties for the privatization of the two RLNG power plants: Haveli Bahadurshah and Balloki of the National Power Plant Management Company Limited (NPPMCL). NEPRA chairman also participated in the discussion.

Japanese Firms Eye Hybrid Vehicles

Two Japanese car manufacturers have called upon the government to offer incentives for local assembly of hybrid vehicles on the lines of those suggested for electric vehicles in the proposed five-year policy. In their comments on the draft policy circulated by the Engineering Development Board (EDB) among stakeholders, the Honda Atlas Cars and the Pak Suzuki Company have urged the board, as well as the ministry of industries, to give same incentives to the old industry players and the new entrants for local assembly of electric or hybrid vehicles. The two companies have urged the government to defer announcement of the policy, drafted by the EDB, for bringing electric vehicles and hybrid technology into the country by encouraging their local assembly for at least one year in view of losses likely to be caused by the coronavirus outbreak.

SBP's Foreign Exchange Reserves

Foreign exchange reserves held by the State Bank of Pakistan (SBP) as per its data issued recently amounted to \$11.185 bn during the week ending Mar 27. This decline is attributed primarily to government's external debt payments, that amounted to \$441 mn and other official payments according to its weekly release. Independent economists have been suggesting the government to reschedule all external debts due to extraordinary situations emerging out of the coronavirus pandemic. During the two weeks, commercial bank holdings increased by \$139 mn to \$6.202 bn. The country's total foreign exchange reserves amounted to \$17.387 bn during the same period.

Containers Pile Up at Port

Export containers are piling up at Karachi ports since March 22 owing to non-availability of shipping lines and order deferments from buyers. The Karachi Port, which handled 76pc of total export cargo, has seen a decline of 31pc in shipments of export containers between March 22 to April 3. The broader reasons of decline are listed at cancellation of orders from buyers and diminished availability of ships. Data compiled by Pakistan Customs shows that the total export containers shipped between March 22 till April 3 was 12,690 containers whereas the total export containers that reached the port is 19,625, leaving a stock of 6,935 containers at the port. At the same time, according to customs data, the reaching of export containers to port since March 15 was also 50pc less than last year. The port received 38,640 exports cargo during this period last year as against 19,625 containers this year.

Moody's Growth Rate Estimate

Moody's Investors Service on April 2, 2020, estimated Pakistan's growth rate could further slide to 2pc during the current fiscal year owing to COVID-19 outbreak and believed recent steps by the State Bank of Pakistan (SBP) would soften the impact of the pandemic on the country's banks. On March 17, the Moody's had formally reduced its forecast for Pakistan GDP growth rate to 2.5pc from its earlier estimate of 2.9pc in December citing mostly external growth factors in the region.



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INTERNATIONAL SCENARIO

China Sold Nearly 4 bn Masks Abroad

China has sold nearly 4 bn masks to foreign countries since March, officials said on Sunday, as they tried to stem widespread fears over the quality of medical exports. Despite Chinese cases dwindling, Beijing has encouraged factories to increase production of medical supplies as the pandemic kills over 60,000 globally and parts of the world face a protective equipment shortage. China has exported 3.86 bn masks, 37.5 mn pieces of protective clothing, 16,000 ventilators and 2.84 mn COVID-19 testing kits since March 1, customs official Jin Hai said, with orders to more than 50 countries.

Oil Drops on Oversupply Worries

Oil prices slipped recently, after Saudi Arabia and Russia delayed a meeting to discuss output cuts that could partly alleviate oversupply in global markets as the coronavirus pandemic pummels demand. Late last week, prices surged, with United States and Brent contracts posting their largest ever weekly percentage gains due to hopes that the Organization of the Petroleum Exporting Countries (OPEC) and its allies would strike a deal to cut crude supply worldwide by at least 10 mn barrels per day (bpd). Saudi Arabia and Russia were initially set to meet to discuss output cuts, but that has now been pushed to April 9, after they blamed each other for the collapse of talks in March.

**GREAT THINGS
NEVER COME FROM
COMFORT ZONES.**

Africa to Face Massive Joblessness

About 20 mn jobs are at risk in Africa as the continent's economies are projected to shrink this year due to the impact of the coronavirus pandemic, according an African Union (AU) study. So far, Africa accounts for just a fraction

of total cases of the disease which has infected more than 1 mn people worldwide, according to informed sources. But African economies are already facing an impending global economic downturn, plummeting oil and commodity prices and an imploding tourism sector. Before the onset of the pandemic, continent-wide gross domestic product (GDP) growth had been projected by the African Development Bank to reach 3.4pc this year. However, in both scenarios modeled by the AU study entitled "Impact of the Coronavirus on the Africa economy", GDP will now shrink. Under what the AU researchers deemed their realistic scenario, Africa's economy will shrink 0.8pc, while the pessimistic scenario said there would be a 1.1pc dip.

**SOMETIMES 'LATER'
BECOMES 'NEVER'
– DO IT NOW.**

Radiation Rise as Fire Hits Chernobyl N-Zone

Ukrainian authorities recently reported a rise in radiation levels in the restricted zone around Chernobyl, scene of the world's worst nuclear accident, caused by a forest fire. "There is bad news — radiation is above normal in the fire's Center," according to Yegor Firsov, head of Ukraine's state ecological inspection service. The post included a video with a Geiger counter showing radiation at 16 times above normal. The fire has spread to about 100 hectares (250 acres) of forest, Firsov wrote. Kiev has mobilized 2 planes, a helicopter and around 100 firefighters to fight the blaze, which spread over 20 hectares in a forested area near the Chernobyl power plant. Chernobyl polluted a large swathe of Europe when its fourth reactor exploded in April 1986, with the area immediately around the power plant the worst affected. People are not allowed to live within 30 kms (18 miles) of the power station. The three other reactors at Chernobyl continued to generate electricity until the power station finally closed in 2000. A giant protective dome was put in place over the fourth reactor in 2016.



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MANAGEMENT VIEWS

MANAGERIAL TIPS

Greeting Each Other in the Age of 'Social Distancing'

In the age of COVID-19 and "social distancing," many of us are renegotiating our daily interactions with other people. In a professional context, that might mean foregoing a handshake. How do you navigate this potentially awkward situation? First, accept that it is going to be uncomfortable. You may worry that you are making a bad impression or sending an unfriendly message. Decide ahead of time what you are comfortable doing, so you do not end up following the other person's lead. You might try giving a quick wave before returning your hand to your pocket or simply putting your hand on your chest, and then saying something like, "I guess we are not supposed to shake hands now." Using humor – as long as it is not at anyone's expense – can help defuse any tension. And avoid judging anyone for their choices about what they feel comfortable with. Do what you feel comfortable doing and assume others will understand.

(This tip is adapted from *How to Avoid Shaking Hands*, by Amy Gallo-HBR.)

**YOUR LIMITATION
- IT IS ONLY YOUR
IMAGINATION.**

SNIPS

Support for Families and Children

The countries making up the Organization for Economic Cooperation and Development spend on average 2.4pc of gross domestic product on family benefits.

TikTok's Ascent

In 2018, TikTok was the fourth most downloaded nongame app in the world, according to analytics firm Sensor Tower.

Pandemic Price Rise

In some cases, online sellers have increased the prices of goods like masks and gloves by 200pc.

Adapt Your Leadership Style to Your Situation

There is not one leadership style that works for all contexts. You might need to adjust goals as new information emerges, or under certain circumstances, stick exactly to the plan. You should adjust your style based on the people you are managing, the context in which you are leading and the outside pressures you are under. To navigate tensions like these, you need a good deal of self-awareness. So understand your natural tendencies. What is your default position? Do you tend to be more of a traditional leader, or do you align with a more adaptive, fluid style? If you are not sure, get feedback from others. Then learn, adapt, practice. The goal is to develop a portfolio of micro-behaviors you can employ when the situation demands you use a different style. And look to your employees for signals on when it is appropriate to favor one approach over another.

(This tip is adapted from *Every Leader Needs to Navigate These 7 Tensions*, by Jennifer Jordan, Michael Wade and Elizabeth Teracino-HBR.)

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