



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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PAKISTAN COMPENDIUM

BANKING SCENARIO

Deposits Folder

According to the weekly statement of position of all scheduled banks for the week ended March 16, 2018 deposits and other accounts of all scheduled banks stood at Rs. 12,041.992 bn after a 0.43pc increase over the preceding week's figure of Rs. 11,990.427 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 6,685.107 bn, higher by 0.47 pc over the preceding week's figure of Rs. 6,653.839 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 7,752.614 bn against preceding week's figure of Rs. 7,793.824 bn, lower by 0.53 pc.

Cement Sales Surge to 4.6m Tonnes

Cement industry recorded its highest ever cement despatches of 4.652 mn tonnes in March, up 17 pc from 3.965 mn tonnes in the same month last year. The industry's capacity utilization during the nine months of FY18 peaked at the historical high of 93.74 pc.

Seafood Exports Surges By 10.18pc

The country's seafood exports continues to grow to \$264.188 mn in July-Feb 2017-18, up by 10.18 pc, official figures say. Increase in fisheries exports now stands at \$24.4 mn in July-Feb 2017-18 from \$239.788 mn in July-Feb 2016-17, Pakistan Bureau of Statistics shows. In term of quantity, seafood exports shot up by 22 pc or 19,230 metric tons to 108,262 metric tons in July-Feb 2017-18 from 89,032 metric tons in July-Feb 2016-17. In Feb 2018, seafood exports mounted to \$34.555 mn from \$29.134 mn in Feb 2017, up by 19 pc or \$5.421 mn.

Sindh Lifts Overall Cotton Production

The country has managed to produce around 11.57 mn bales up to April 1 — an increase of 845,459 bales this season (2017-18) — showing a growth of about 7.88 pc over the corresponding period last year when cotton production stood at 10.72 mn bales. The robust growth of up to 12.31 pc recorded by Sindh helped improve overall cotton production figure. Sindh produced 4.24 mn bales — an increase of 466,312 more cotton bales — against 3.78 mn bales produced last year. Punjab also managed to record a growth of 5.46 pc in cotton production at 7.31 mn bales compared to 6.93 mn bales produced in the same period last year. Overall, Punjab produced 378,147 more bales compared to last year.

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm*

KIBOR (6 months)

	Bid%	offer%
STARTING	6.36	6.61
ENDING	6.25	6.50
CHANGE	-0.11	-0.11

Foreign Exchange Rates

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 161.50	PKR 141.50	PKR 116.00
ENDING	PKR 162.60	PKR 142.00	PKR 116.40
CHANGE	+1.1	+0.5	+0.4

Pakistan Stock Exchange

	100 Index
STARTING	45,560
ENDING	46,637
CHANGE	+1077

Gold Rate

	(10 gm)
STARTING	PKR 50,400
ENDING	PKR 50,485
CHANGE	+85



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Govt to Inject Rs. 50 bn for Smooth Power Supplies

Amid subdued growth in electricity demand, the government decided to inject another Rs. 40-50 bn in the power sector to ensure seamless energy supplies during the upcoming summer, particularly Ramazan. A two-day meeting of the Cabinet Committee on Energy (CCoE) presided over by Prime Minister recently reviewed the overall electricity and demand situation. The meeting was told that Rs. 53 bn out of Rs. 80 bn was approved by the cabinet earlier this month for the power sector had reached the fuel suppliers and independent power producers, improving their cash flows while the remaining funds were adjusted against debt rollovers and interest payments of the power sector.

HIGHLIGHTS

- The International Development Association, the soft-loan window of the World Bank Group, will provide \$188 bn to modernize national meteorological and hydrological services in Pakistan under a five-year project.
- As weather experts report 50 pc lower snow cover on river catchments, the Indus River System Authority call for construction of at least two mega dams simultaneously to cope with the water crisis.
- Ostrich farming is becoming popular in the country as more and more investors are entering the promising market of low-fat organic meat. The number of ostrich farms have crossed 200 just in Punjab with about 10,000 birds being reared.
- Import of mobile phones in the country during first eight months of fiscal year 2017-18 increased by 14.51 pc as compared to same period of previous year. The import increased to \$526 mn during July-February (2017-18) from \$459.38 mn in same period of the year 2016-17.

INTERNATIONAL ARENA

China Ready for Proportionate Response to US Tariffs

China will take counter-measures of the "same proportion" and scale if the United States imposes further tariffs on Chinese goods, China's ambassador to Washington said, amid growing fears of an impending trade war. Cui Tiankai made the comments ahead of what is expected to be the announcement this week of US tariffs on \$50 bn to \$60 bn in Chinese imports following an investigation under Section 301 of the 1974 US Trade Act. China recently announced tariffs on \$3 bn in imports of US food and other goods in response to US tariffs on imports of aluminium and steel, a skirmish that investors fear is a prelude to a broader trade war.

Russia, Opec May Set Up Joint Organization

Russian Energy Minister Alexander Novak said recently a joint organization for cooperation between Opec and non-Opec countries may be set up once the current deal on oil output curbs expires at the end of this year. He also said that he and his Saudi Arabia counterpart, Khalid al-Falih, discussed long-term cooperation and that the current 'mechanism of interaction' has proved to be effective. "We are now thinking about a format for cooperation which could be for the longer-term, which would include the possibility of market monitoring, information exchange and if needed the implementation of some joint actions", Novak told reporters.

Britain Enjoys Boom in Deal Making

British companies have been swept up in a global boom in deal making that has seen the amount of M&A (Mergers & Acquisitions) involving UK firms hit its highest level since 2007. Britain's M&A market has remained buoyant despite the country's looming exit from the European Union a year from now, a prospect which has cast uncertainty over British companies' access to the single market. Rather than deter businesses from striking deals, however, it has prompted them to prepare for Brexit by acquiring rivals to build scale. The value of M&A volumes involving British businesses rose by 56.5 pc to \$164.3 bn during the first



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quarter, the most since the \$166.3 bn recorded in the same period 11 years ago, latest data show. This includes plans by Anglo-Dutch Unilever and RELX to abandon their dual listing structures, total deal levels hit \$280.8 bn in the first three months of 2018 in the UK, according to the data.

Foreign Investment in France Hits 10-Year High

Foreign investment in France rose 16 pc in 2017 to levels not seen for a decade as President Emmanuel Macron's bid to attract money from abroad gains pace, a government report said recently. Public agency Business France said 1,298 foreign investment projects were announced last year, allowing some 33,500 jobs to be saved or created. The figure is "the best in 10 years", the report said, up from 1,117 last year. This is the most concrete proof yet that France is back.

Over 25m People Apply for Indian Railway Vacancies

More than 25 mn people, a number greater than Australia's population, have applied for about 90,000 positions on India's state-run railways, underlining the challenge it faces in providing millions of jobs. The railway, which currently employs 1.3 mn people, said it was filling up tens of thousands of vacant positions for engine drivers, technicians, carpenters, track inspection crews and other roles related to improving safety in the world's fourth-largest network.

Implementation of Facilitation Pact to Cut Trade Costs in Asia-Pacific

Trade costs in Asia and the Pacific is projected to be reduced by 26 pc or savings of \$673 bn every year with the full implementation of the WTO's Trade Facilitation Agreement together with other paperless trade measures, according to a new report released by the United Nations recently. The report, 'Digital Trade Facilitation in Asia and the Pacific', launched by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP), shows that the potential trade cost reductions in South Asia exceed 20 pc in all countries of that region including Pakistan, while

the potential trade cost reductions for all ASEAN countries exceed 15 pc. Least Developed Countries and Pacific Island countries have the most to gain, with trade cost reductions from digital trade facilitation exceeding 30 pc.

South Africa Avoids New Junk Rating

South Africa, whose debt is rated as 'junk' or non-investment grade by credit rating agencies Fitch and S&P, has escaped a third junk rating from Moody's, which suggested the country's economic outlook was set to improve under its new President. Moody's said in a statement that it was holding the rating on South Africa's long-term debt at Baa3, the lowest investment grade above junk status. But the statement, released recently, said that the ratings agency had decided to upgrade the outlook for the country's debt from 'negative' to 'stable', meaning that a further downgrade was not on the cards. "The confirmation of South Africa's ratings reflects Moody's view that the previous weakening of South Africa's institutions will gradually reverse under a more transparent and predictable policy framework," the statement said.

Sri Lankan Fuel Retailer Raises Prices to Trim Losses

Sri Lankan fuel retailer Lanka IOC Plc has raised retail prices for gasoline and diesel, the company said recently, due to losses incurred after the government's failure to implement a pricing formula. The move by Lanka IOC, one of two fuel retailers along with state-owned Ceylon Petroleum Corp (CPC), will put pressure on the government to raise prices at pumps, which are normally set in talks between the government and retailers. Lanka IOC, a subsidiary of Indian Oil Corp, said it had incurred losses during the last four consecutive quarters and the cumulative loss was 1.3 bn Sri Lankan rupees (\$8.35 mn). Despite prices of petroleum products going up significantly, selling price of petrol and diesel has not been revised which has resulted in heavy losses to oil companies, Lanka IOCs managing director told recently. Increase in taxes and depreciation of the Sri Lankan rupee has also significantly affected the margins of oil companies.



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MANAGEMENT & INFOTECH CORNER

Persuade a Know-It-All to Consider Others

When someone is sure that they are right, convincing them otherwise can be tricky. To help the person consider another point of view, use two conversation cues. The first is to ask questions: If the know-it-all is clinging to one side of an issue, you can say something like, "Have you ever seen a situation where the opposite was true?" Try to get them to rethink their assumptions and look at the situation differently. If questions do not work, stall for time. For example, you might delay the conversation to gather data that supports your argument. You can say, "Before we make a decision, I would like to collect some data on how our people view their service quality. We can meet again next week to discuss it." Then use that time to consider other options or seek colleagues' advice on how to change the know-it-all's mind.

(Adapted from *How to Deal with the Know-It-All in Your Office*, by Priscilla Claman- HBR.)

Handle Procrastination

We all have tasks that we put off and put off, but actually accomplishing them is rarely as bad as we expect. Sometimes beating procrastination is about just getting over the initial hurdle. Instead of forcing yourself to tackle the entire task at once, focus on the first piece of it. Start by thinking about the task and your resistance to it, and then find a time period that you would be willing to commit. Could you focus on the task for an hour? What about 30 minutes? Shorten the amount of time to something that does not make you resist getting started. Then figure out the bare minimum you can do — writing a few paragraphs, reading a few pages, or whatever will not make you return

to your procrastinating ways. Once you begin, the task will seem much more manageable. Working on something, even in small pieces, means you will continue to process it, which makes you more likely to resume the work later on. (Adapted from *5 Research-Based Strategies for Overcoming Procrastination*, by Chris Bailey-HBR.)

TIDBITS

Billions in Steel And Aluminium Imports

The European Union is the second largest source of steel and aluminum exports to the US, and is now subject to tariffs. In 2017, the US imported about \$7.3 bn worth of steel and aluminium from the E.U.

Engaged Workers

According to data from the polling firm Gallup, workers are six times more likely to be engaged at work when their job focuses on individual strengths.

The Future of Online Searching

By 2020, more than 50 pc of all online searches will be conducted by voice rather than by typing, according to the marketing firm ComScore.

Two-earner Families

More than two-thirds of couples with children in Canada are dual earners.

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