



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 23, 2018 deposits and other accounts of all scheduled banks stood at Rs. 12,127.971 bn after a 0.71 pc increase over the preceding week's figure of Rs. 12,041.992 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 6,692.960 bn, higher by 0.12 pc over the preceding week's figure of Rs. 6,685.107 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 7,793.230 bn against preceding week's figure of Rs. 7,752.614 bn, higher by 0.52 pc.

Exports Up 24 pc in March 2018

The exports of merchandise posted a growth of 24 pc year-on-year to \$2.23 bn in March, the Ministry of Commerce announced recently. This is the highest growth posted in a single month in the last four years, according to an official announcement. Between July-March, exports recorded a growth of 13 pc year-on-year to \$17.08 bn. According to the commerce ministry statement, the initiatives by the government to provide duty drawback as well as the exchange rate adjustments have contributed positively to the growth. Improved market access especially in the European market owing to the successful review of GSP+ facility also played an important role.

Auto Sales Soar by 22 Pc

The sales of locally assembled cars, vans, jeeps and light commercial vehicles posted a 22 pc year-on-year increase to 192,734 units in the first nine months of 2017-18. In March, the auto sales rose 9 pc to 22,380 units. According to Pakistan Automotive Manufacturers Association (PAMA) data, the sales of cars had been going brisk despite increase in prices twice from January to March, followed by rising petrol and CNG rates.

Remittances Grow to \$14.6bn in Nine Months

The country received \$14.6 bn remittances during the first nine months of this fiscal year, registering a 3.5 pc year-on-year growth. The month of March proved vital for the economy as some important macro indicators appeared positive supporting economic growth. The State Bank of Pakistan (SBP) reported recently

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm*

KIBOR (6 months)

	Bid%	offer%
STARTING	6.25	6.50
ENDING	6.24	6.49
CHANGE	-0.01	-0.01

Foreign Exchange Rates

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 162.60	PKR 142.00	PKR 116.40
ENDING	PKR 163.80	PKR 143.30	PKR 116.40
CHANGE	+1.2	+1.3	0

Pakistan Stock Exchange

	100 Index
STARTING	46,637
ENDING	46,071
CHANGE	-566

Gold Rate

	(10 gm)
STARTING	PKR 50,485
ENDING	PKR 50,614
CHANGE	+129



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that remittances grew 22.4 pc to \$1.77 bn in March over February. This was coupled with a growth of around 24 pc in exports the same month.

Pakistan's IOSCO Compliance Increases to 83 pc

The International Organisation of Securities Commissions (IOSCO) has enhanced Pakistan's compliance level with the IOSCO principles to 83 pc, representing a 21 pc improvement since 2015. The Assessment Committee's report on follow-up review of the Pakistan's implementation of IOSCO objectives and principles suggests that the Securities and Exchange Commission of Pakistan (SECP) is now fully implementing 14 principles and 16 principles are implemented broadly, out of a total of 37.

Major Crops Production

Crop	Wheat	Cotton	Maize	Rice	Sugar cane
2017-18	25.5 mn tonnes	12 mn bales	6.10 mn tonnes	7.4 mn tonnes	79.3 mn tonnes
2016-17	25.75 mn tonnes	10.67 mn bales	6.13 mn tonnes	6.85 mn tonnes	73.61 mn tonnes

Indonesia to Buy 50,000 Tonnes Rice From Pakistan

Indonesia's state food procurement agency Bulog is seeking offers from sellers in Pakistan to buy about 50,000 tonnes of rice, European traders said recently. The agency is seeking rice of both 5 pc broken grade and 15 pc broken grade, traders said. Bulog said it planned to import a total 500,000 tonnes of rice up to the end of June to improve local supplies and cool domestic prices.

BoC to Set Up Yuan Clearing Facility

The State Bank allowed the Bank of China (BoC) Pakistan to establish a local Chinese yuan (CNY) settlement and clearing setup to facilitate the bilateral trade. Since China has emerged as the largest trade partner of the country, the government is willing to facilitate traders to carry out their transactions in yuan. The SBP said the decision has been taken to further strengthen the trade channels and remittance flows in the Chinese currency. "Bank of China

can open CNY accounts of the banks operating in Pakistan to facilitate settlement of CNY based transactions such as remittance to and from China," said the SBP.

Assets of Islamic Banks Surge to Rs. 2.27 tr

Market share of Islamic banking assets and deposits in the overall banking industry increased to 12.4 pc and 14.5 pc by Dec 31, 2017, said a State Bank report. "Assets of Islamic banking industry grew by 9.1 pc (Rs. 189 bn) during the last quarter of 2017 and were recorded at Rs. 2.272 trillion, compared to Rs. 2.083 tr in the previous quarter," stated the October-December 2017 issue of SBP's Islamic Banking Bulletin recently.

HIGHLIGHTS

- In 2016, the number of Pakistani workers recruited by Saudi Arabia numbered 460,000.
- Inflation, measured through Consumer Price Index eased to 3.2 pc in March from 3.8 pc in the previous month, mainly driven by a drop in perishable eatable prices.
- A total of 206 advertisements worth Rs. 1,076 mn were issued by the federal government from December 1, 2017 to February 28, 2018 to print media (Rs. 890 mn) and electronic media (Rs. 186 mn)
- Cement Industry recorded highest ever cement despatches of 4.652 mn tonnes in March 2018 up from 3.965 mn tonnes in March 2017.
- SBP's Foreign Exchange reserves amount to \$ 11.6 bn.



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INTERNATIONAL ARENA

Advanced Countries Need Immigration to Bolster Labor: IMF

Aging populations in advanced economies have drained the labor force and could slow economic growth, but allowing an influx of immigrant workers could counteract that decline, the International Monetary Fund said recently. IMF economists acknowledged that governments face political backlash over immigration. But their options are limited: Even with policies to help sustain a steady supply of workers, they will not be able to stave off the inevitable, as older workers retire and leave the labor force. The report encourages immigration for economic reasons and comes at a time when many developed countries face a surge in anti-immigrant sentiment.

Argentina's Cattle Herd to Decrease Due to Drought

Argentina's herd will diminish by up to 1 bn head of cattle next year as ranchers facing the worst drought in decades decide to slaughter females rather than grow their herds, analysts said. A wave of hot, dry weather since November has cut 40 pc off overall grains production in the world's No. 3 corn and soy exporter and will knock off an estimated 0.7 pc from Argentina's gross domestic product this year. Slaughtering more female cows than expected will have long-term repercussions on the meat-loving nation's herd, at a time it was hoping to boost sales abroad, after falling out of the top 10 beef exporting nations under the previous government.

British Financial Regulator Urges EU Brexit Coordination

Britain's financial watchdog called for immediate coordination with European Union counterparts to ensure that Brexit is as smooth and stable as possible for markets. The Financial Conduct Authority (FCA) has said financial firms should feel comfortable about relying on a transition deal agreed last month between Britain and the EU. This covers the period

between Britain's planned departure from the bloc next March and the end of 2020, but EU officials say this was a political deal and will not be legally ratified until at least later in the year. Firms should therefore press ahead with plans in case of a 'hard' Brexit next March, such as setting up new EU hubs. Starting coordination now would mean a framework is ready once transition has been legally ratified. The FCA said it will need to spend about 30 mn pounds on dealing with the broad impact of Brexit on the financial sector and cut back or delay some areas of work.

US, China Omit Key Products from Tariff Threats

Americans spent nearly \$96 bn last year on cellphones and computers imported from China, far more than on any other items. But you will not find them on the list of Chinese-made products the Trump administration is threatening with tariffs. And China spends about \$1 bn a year importing animal hides from the US to make shoes, car interiors and furniture upholstery. But China didn't include those on its own list of threatened tariffs. In their escalating conflict over trade, what the US and China are leaving off their tariff lists tells as much as what is on them. The US would put tariffs on flat-screen televisions, for example, but not on clothes. China threatens tariffs on US whiskey but not beer. The omissions indicate how far both countries might be willing to go, or what they could use as future bargaining chips.

I do not believe in taking
the right decision, I take a
decision and make it right.

Muhammad Ali Jinnah



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MANAGEMENT & INFOTECH CORNER

Create Positive Workplace Policies

Too many workplace policies emphasize what employees should not do. But overly paternal and punitive rules don't communicate that you have confidence in your people and trust them to behave as adults. When drafting personnel policies, focus on conveying the company's positive expectations of its employees. In your policy about when the workday starts, for example, state that you expect employees to show up on time — do not go into detail about what "tardy" and "absent" mean. If your organization has a dress code, keep it as simple as you can — "Dress appropriately," perhaps — and leave managers to provide more guidance to those who need it. And a code of conduct does not have to get complicated — a good starting point is "Everyone is expected to act in the best interest of the organization and their fellow employees."

(Adapted from *The High Price of Overly Prescriptive HR Policies*, by Sue Bingham-HBR.)

Highlight Your Contributions Yourself

It is no fun to toil away at a job where you feel taken for granted. But do not sit around waiting for people to notice your or your team's good work. Find ways to highlight your contributions. For example, ask your boss if you can talk about your team's responsibilities in an all-staff meeting. Tell the other departments what your team does, what its goals are, and how it's striving to do better. You can also tout your accomplishments in smaller meetings or in one-on-ones with your boss. While you should be generous with praise for your team members, it is OK to be honest

about your personal achievements: "I accomplished X and Y, and I am grateful for the support that I had." When you appreciate and acknowledge your colleagues' work, they'll usually return the favor.

(Adapted from *What to Do When You Don't Feel Valued at Work*, by Rebecca Knight-HBR.)

TIDBITS

Disloyal Consumers

About 71 pc of consumers say that companies' loyalty programmes do not make them loyal at all, according to research from Kantar Retail.

Not Satisfied With Reviews At Work

The Corporate Executive Board did a survey of Fortune 1,000 companies and found that 66 pc of employees were dissatisfied with the performance reviews they got at work.

George Soros, while delivering an address at WEF at Davos in January 2018 described Cryptocurrencies as a bubble. Now his \$26 bn family office is planning to trade digital assets.

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