



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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Volume 14, Issue No. 14 | Date: April 05, 2019

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

PAKISTAN OVERVIEW

SBP Raises Key Interest Rate by 50bps to 10.75pc

The State Bank of Pakistan (SBP) on Friday, March 29, 2019 increased the key interest rate by 50 basis points to 10.75pc in a bid to put breaks on accelerating inflationary pressure. The monetary policy committee at the central bank has hiked the rate keeping in view the rising inflationary pressure because of the recovery in the prices of petroleum products and essential food items and the mounting fiscal deficit despite a sharp cut in the Public Sector Development Program (development budget).

Rs. 290bn to be Spent on Agri Sector

The government is planning to launch various projects in five key agriculture sectors: water, crops, markets, fisheries and livestock amounting to Rs. 290 bn in five years, Secretary National Food Security and Research said recently. An important component of the projects to be launched in July is to increase yield of major crops sugarcane, rice and wheat and boost adoption of oilseeds. The National Agriculture Emergency Program aims to conserve and increase productivity of water; dramatically increase yields of major crops and boost adoption of oilseeds; harness untapped potential of fisheries; livestock initiatives for small and medium farmers; transform agriculture product markets; and increase access to finance.

PMRC to Loan Rs. 4.8 bn for Low-Cost Housing

The Pakistan Mortgage Refinance Company (PMRC) has signed an agreement to provide loans worth Rs. 4.8 bn for the provision of low cost housing under the program initiated by Prime Minister. In a ceremony held recently at the Pakistan Housing Conference in Islamabad, the PMRC signed agreements and memoranda of understandings worth Rs. 4.8 bn with House Building Finance Company, Askari Commercial Bank, First Women Bank, Bank Islami and Khushali Microfinance Bank, said a press release issued by PMRC. The PMRC already disbursed loans worth Rs. 5.2 bn for low-cost housing during the first five months of this fiscal year.

State Bank Eyes Issuance of Digital Currency By 2025

As the State Bank of Pakistan (SBP) promised issuing digital currency by 2025, Finance Minister Asad Umar recently asked the central bank and the Federal Investigation Agency (FIA) to ensure top-class cybersecurity in the banking system to extend emerging benefits of digitalization to the people. "As we move towards digital economy, it is absolutely important to ensure cybersecurity," said the finance minister, adding even a single high profile incident could cause irreparable loss of confidence to the economy and the banking system. He was speaking at the launching ceremony of regulations of Electronic Money Institutions (EMIs). A senior State Bank official explained that EMIs were non-bank entities to be licensed by the central bank to issue e-money for the purpose of digital payments.

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	10.85	11.10
ENDING	11.00	11.25
CHANGE	+0.15	+0.15

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 183.83	PKR 157.98	PKR 140.7
ENDING	PKR 189.00	PKR 161.50	PKR 142.00
CHANGE	+5.17	+3.52	+1.6

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	38,649
ENDING	37,521
CHANGE	-1128

GOLD RATE

	(10 gm)
STARTING	PKR 60,271
ENDING	PKR 61,728
CHANGE	+1457

* An ISO 9001 : 2015 Certified Company



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NADRA Digitizes Half a Million Applications for Housing Scheme

The National Database and Registration Authority (NADRA) has processed digitization of 499,040 applications for the Naya Pakistan Housing Scheme. There is a shortfall of over 10 million houses in the country and every year the backlog is increasing. The present government intends to promote access to housing to people of Pakistan and has launched the scheme and NADRA was assigned the task of digitizing the forms. The authority has successfully completed the first phase of the pilot project.

Briefs

- Pakistan is expected to secure an IMF bailout package between \$ 6 bn- \$12 bn by the middle of May.
- The government expects to fetch \$ 2 bn from the privatization of 1,223 MW Balloki & 1,230 MW Haveli Bahadur Shah power plants.
- Foreign exchange reserves held by SBP stood at \$ 8.56 bn during the week ending on March 22.
- The government is expected to announce a scheme next month to attract non-filers into the tax net and incentivize the whitening of untaxed money planted at home or abroad.
- The FBR recovered up to Rs. 5.2 bn from its ongoing drive against tax defaulters and non-compliant high networth individuals, according to an official statement .
- FBR has crossed the mark of 1,800,000 income tax filers for tax year 2018 for the first time in its history.
- The Economic Coordination Committee (ECC) of the cabinet recently ordered immediate import of 100,000 tonnes of urea after it was informed that its market price surged to Rs. 1,850 as the sowing season had just begun.

Belarusian Dumper Truck Launched

The entry of Belarusian machinery marks a new era in the country's earth moving sector, which is heavily dominated by players from Japan and the US. The new dumper from 'Belaz' company was launched on Tuesday at the Cherat

Cement factory, which has procured a 45-tonne dumper truck for transport of gypsum rock and clay from mines to the plant. The company plans to buy up to fifteen such heavy machines in one year. The principal of Belaz in Pakistan said there is a market of over 50 dumper trucks in Pakistan, mainly in cement and mining sectors. "There is a huge potential for growth of ties in industry, agriculture, science and technology, military and technical cooperation," he said, adding that he foresees joint ventures and exchange of advanced technologies.

Action Against Fraudsters, Cryptocurrency Dealers

The Securities and Exchange Commission of Pakistan (SECP) has initiated legal proceedings to wind up at least nine companies offering cryptocurrencies and Ponzi schemes. Legal proceedings against these companies have been initiated under Section 301 read with Section 304 of the Companies Act, 2017. The SECP has issued notices to some companies involved in businesses which are prohibited and contrary to their object clauses of the Memorandum of Association.

FBR Recovers Rs. 5.2 bn From Tax Defaulters

The Federal Board of Revenue (FBR) has claimed to have recovered up to Rs. 5.2 bn from its ongoing drive against tax defaulters, non-compliant high-net-worth individuals, besides it has acted against 4,512 bank accounts, properties, vehicles and arrested nine defaulters. According to official data released at a press briefing in Islamabad on Wednesday, the FBR said that the drive against tax defaulters in all major cities across Pakistan "would continue in coming months especially against the tax defaulters and the persons out-of-the-tax-net."

IMF Mission Chief, State Bank Governor Discuss Economy

International Monetary Fund (IMF) Mission Chief for Pakistan Ernesto Ramirez Rigo held a meeting with Governor State Bank of Pakistan Tariq Bajwa and other senior officials recently. According to a press release issued by the IMF, Rigo held introductory meetings with the Pakistani authorities on March 26 and 27. Discussions focused on recent economic developments and prospects for Pakistan in the context of ongoing discussions toward securing an IMF bailout.



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INTERNATIONAL VISTA

The BREXIT Impact

As BREXIT continues to be debated by the UK parliament, questions regarding the future of Pakistan's trade with the United Kingdom, and opportunities present in the exit, abound. While some exporters are optimistic or indifferent, others see dark clouds looming ahead. As the episode unrolls, it is desirable for Pakistan to keep an eye on proceedings. At \$1.7 bn in 2018, as per the International Trade Centre, the UK is the third most important destination for Pakistani exports. Courtesy of the GSP Plus, products of Pakistan's export interest are entitled to duty free treatment. Given the confusion surrounding BREXIT, the impact on the country's exports is unclear.

Dubai's Emirates NBD to Buy Turkey's Denizbank for \$2.8 bn

Dubai's Emirates NBD said it will buy Turkey's Denizbank from Russia's Sberbank at a roughly 20 percent discount to a previously agreed price, after a steep fall in the Turkish Lira. Under a new agreement reached with state-owned Sberbank, Dubai's largest lender said it will buy Turkey's fifth largest private bank for 15.48 bn Lira (\$2.8 bn), compared to the 14.6 bn Lira announced in May.

Electric Cars Outsell Traditional Ones in Norway

Christina Bu, the Norwegian Electric Vehicle Association's general secretary, said recently that 58.4pc of new cars sold in the country in March were battery-powered, calling it "historically high." Bu added that electric cars' share of the market in the first three months of 2019 was 48.4pc and is expected to hover around 50pc for the whole year.

Global e-Commerce Sales Soar to \$29tr

Global e-commerce sales grew 13pc in 2017, hitting an estimated \$29 tr, according to the latest numbers released by United Nations Conference on Trade and Development (UNCTAD). A similar surge was seen in the number of

online shoppers, which jumped by 12pc and stood at 1.3 bn people, or one quarter of the world's population. Though most internet buyers purchased goods and services from domestic vendors, the share of those buying from abroad rose from 15pc in 2015 to 21pc in 2017. The growth was driven mainly by an increase in the United States.

Cyber Security, Data Privacy New Challenges for Banks

Technological advancements have transformed financial services but challenges including cyber security issues, social media, data privacy and third party risks have emerged strongly, participants at a seminar hosted by the State Bank observed. The 'Internal Audit: Emerging Challenges and Effective Practices in Central Bank's seminar hosted by the SBP under the aegis of SAARC Finance Forum at the National Institute of Banking and Finance (NIBAF) was held between March 27-29, a press release issued by the bank said. Officials from the South Asian Association for Regional Cooperation (SAARC) central banks participated in the event.

SNIPS

Opening the Door for Female Leaders

Walmart Canada has increased the number of female store managers by 50pc after implementing the organization's Women in Retail program.

Work Interrupted

According to research from the University of California, Irvine, it can take people about 23 minutes to return to the original task after an interruption like receiving a push notification.

The Damage Done

When toxic issues like cross-team rivalry and tension become the norm at a company, lying or withholding of information is 5.82 times more likely to occur.



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MANAGEMENT OUTLOOK

Bitcoin Soars to Highest Level in Nearly 5 Months

Bitcoin burst to its highest level in almost five months on Tuesday, sending smaller cryptocurrencies up, with analysts ascribing the move to a major order by an anonymous buyer that triggered a frenzy of computer-driven trading. The original and biggest cryptocurrency soared as much as 20pc in Asian trading, surpassing \$5,000 for the first time since mid-November. By late morning, it had settled at around \$4,700, still up 15 percent in its biggest one-day gain since April last year.

Pakistan Only Behind China, India in air Pollution Deaths: Study

Pakistan is the second on a list of 10 countries with the highest mortality rate due to air pollution, while India ties with China for the first place, says a report. A total of 2.4 mn people (1.2 mn each) died of air pollution in China and India in 2017, when a survey was conducted. India, however, was ahead of China in the percentage of population exposed to household air pollution. In India 60pc people were exposed to household air pollution, 32pc in China, 79pc in Bangladesh and 52pc in Pakistan. In Pakistan 128,000 deaths were attributed to air pollution, 124,000 in Indonesia, 123,000 in Bangladesh, 114,000 in Nigeria, 108,000 in the United States, 99,000 in Russia, 66,000 in Brazil, and 64,000 in the Philippines.

Three Work Skills That Are Useful at Home, Too

Is your home life more chaotic than your work life? If so, you are not alone, and some of the skills you use in your job can help.

— Planning and scheduling: Do you struggle to finish your personal to-do list? Block out time in your calendar for the

things you need to get done (even mundane tasks like laundry and errands). You will feel more in control and more productive.

— Decision-making: Making decisions is about understanding how your actions affect other people. To improve, pay attention to how your colleagues react to things, and ask yourself (or them) what could be behind their behaviour.

— Putting people first: At work, would you idly check your phone while a client speaks? Of course not — and our families deserve the same respect. Try to give people your full attention at home, even after a long day of work. It will help you feel more connected to the ones who matter most.

(Adapted from *To Have a Happier Home Life, Treat It a Little More Like Work*, by Whitney Johnson-HBR.)

How to Land a Teaching Gig

Many executives are intrigued by the idea of teaching, whether as a new career opportunity or as a side gig. But landing a position as an adjunct professor can be tricky. Start by identifying leads. Make a list of people you know at the universities you are interested in; even a tenuous connection might be able to vouch for you. If you do not have any leads, do some research on relevant people you could reach out to, such as department chairs. Once you have figured out who the right person is, write your email pitch. It should include a short bio that explains why you would be a good teacher; your credentials, awards and publications; and what you want to teach. Use the school's class lists to identify holes in the curriculum. You will also need to prepare a CV and a syllabus. The CV is a much more detailed version of your résumé. The syllabus should detail the topics you will cover and the order you will teach them in. You can find examples of both online.

(Adapted from *How Executives Can Build a Side Career in Teaching*, by Dorie Clark-HBR.)

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