



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

Volume 13, Issue No. 20 | Date: May 18, 2018

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

PAKISTAN COMPENDIUM

BANKING SCENARIO

Deposits Folder

According to the weekly statement of position of all scheduled banks for the week ended May 4, 2018, deposits and other accounts of all scheduled banks stood at Rs. 12,239.657 bn after a 0.30 pc decrease over the preceding week's figure of Rs. 12,276.660 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 6,915.690 bn, higher by 1.12 pc over the preceding week's figure of Rs. 6,839.122 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 7,764.268 bn against preceding week's figure of Rs. 7,784.402 bn, lower by 0.25 pc.

EVENTS

3rd Pakistan Banking Awards 2018 Launched

The Third Pakistan Banking Awards launching ceremony was held on Wednesday, May 16, 2018 at IBP premises at Karachi and was widely appreciated by the high-ups of the financial sector. The Institute of Bankers Pakistan (IBP) and DAWN Media group in collaboration with A.F Ferguson & Co have taken this initiative which provides a platform to recognize the contribution of institutions making a marked difference in the world of banking. "The financial sector is instrumental in the national development of a country. The role of the institutions contributing to this sector in various forms needs not only to be highlighted but should also be duly acknowledged," the State Bank of Pakistan Governor Tariq Bajwa said addressing the ceremony. "I am strongly encouraged by maximum participation from banks and supporting institutions and would like to see more and more entrants in this event every year. These awards will showcase their efforts in promoting and projecting Pakistan as a progressive nation that is advancing towards economic stability and developing into a welfare state," he said. IBP Chief Executive Husain Lawai said 2018 awards will serve as a distinguished platform to promote, recognize and acknowledge the contribution of the banking industry towards enhancing Pakistan's economy. The jury comprises of former SBP Governor Dr. Ishrat Husain (chairman), former Bank Alfalah President/CEO Atif Bajwa, former President/CEO Faysal Bank Ltd Mr. Naved A. Khan, former United Bank Ltd President/CEO Atif R. Bukhari, Institute of Business Administration Dean Dr. Farrukh Iqbal, Pakistan Business Council CEO Ehsan Ali Malik, and English

MARKETS AT A GLANCE

Rates are taken till Friday 1:00 pm*

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	6.26	6.51
ENDING	6.26	6.51
CHANGE	0	0

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 159.30	PKR 139.30	PKR 117.50
ENDING	PKR 158.00	PKR 139.30	PKR 117.40
CHANGE	-1.3	0	-0.1

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	43,594
ENDING	41,623
CHANGE	-1971

GOLD RATE

	(10 gm)
STARTING	PKR 49,542
ENDING	PKR 48,557
CHANGE	-985

* Due to Ramadan



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 02

Volume 13, Issue No. 20 | Date: May 18, 2018

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

Biscuit Manufacturers CEO Dr. Zeelaf Munir. He informed that a new category "Best Emerging Bank" has been added while the name of "Best Bank for Corporate Finance & Capital Market Development" has been changed to "Best Investment Banking." All other awards will remain the same.

Husain Lawai Elected Chairman PSX

Mr. Husain Lawai was unanimously elected as the chairman of the newly formed board of directors of the Pakistan Stock Exchange (PSX). Mr. Lawai, along with other six members, was recently appointed as independent director on the board for a term of three years, with approval from Securities and Exchange Commission of Pakistan, a statement released by the bourse recently stated.

Food Exports: July - March FY18

Exports of commodities

Items	Exports July - March FY18	Exports July - March FY17
Rice	\$1.494 bn	\$1.171 bn
Sugar	\$362 mn	\$66.5 mn
Wheat	\$60 mn	\$1 mn
Vegetables	\$173.2 mn	\$112.9 mn
Fruits	\$339.4 mn	\$326.1 mn
Fish and its preparations	\$315.6 mn	\$275.8 mn
Meat and its preparations	\$159 mn	\$163 mn
Spices	\$59.3 mn	\$60.2 mn
Oilseeds, nuts and kernels	\$32 mn	\$32.5 mn

Source: PBS (Figures rounded off)

NLC to Run Dhabeji Special Economic Zone

Sindh Board of Investment (SBI) and National Logistics Cell (NLC) have signed a memorandum of understanding (MoU) to collaborate and promote the creation of a Logistics Park within the proposed China-Pakistan Special Economic Zone (SEZ) in Dhabeji-Thatta. According to an SBI press release the MoU was signed by NLC Director General and SBI Chairperson recently. Through this agreement both sides will actively carry out the engagements for establishment of the Logistics Park, in accordance with the master plan and feasibility study of the China-Pakistan SEZ Dhabeji. Under the agreement, the SBI will promote and extend possible facilitation to NLC for its role as Logistics Park

Management Organization with the collaboration and partnership of foreign commercial enterprises and designated Chinese enterprises. On the occasion, SBI's Ms. Memon said that China-Pakistan Economic Corridor has opened the doors of accelerated economic activity, logistics is an essential and a big part of it. The zone was approved as part of CPEC last December.

Pakistan Joins WTO Bloc to Further Free Trade

Pakistan recently joined a group of 41 developing and developed countries to support a multilateral trading system for global economic stability, prosperity and development. The rare block emerged in the wake of recent trade restrictive measures by USA. Pakistan's Ambassador to World Trade Organization (WTO) Dr. Tauqir Shah said that the country has played a key role to put together this group in support of a multilateral system. He said Pakistan is the founding member of the global system and played an important role in the past negotiations. "We will continue to play our part in promoting rules-based multilateral trading system," Shah added. The members welcomed the marked recovery of world merchandise trade in 2017, to which all regions contributed, and are encouraged by the WTO's positive forecast for the next two years.

HIGHLIGHTS

- China's biggest e-commerce company, Alibaba Group, enters Pakistani market by fully acquiring Daraz Group.
- Exports of merchandise grew by 19 pc year to year in April 2018. Exports have posted a double digit growth in FY 18 after seven years.
- The corporate sector regulator appoints seven independent directors on PSX board for three years commencing April 19, 2018.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 03

Volume 13, Issue No. 20 | Date: May 18, 2018

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

FDI Position in April, 2018

The State Bank reported recently that the FDI during the first ten months of the current fiscal was \$2.237 bn compared to \$2.184 bn in the same period last year. The Chinese investment increased by 51 pc during this period. The FDI in April amounted to inflows of \$143 mn.

Government Aims to Relaunch Ferry Service

Federal Minister for Maritime Affairs Informed recently that the draft Ferry Policy would be presented in the next Federal Cabinet meeting for approval. The draft policy has given a wide range of concessions, with a tax holiday up to 2040. Under the policy, there would be no duty and taxes on ferry service as well as on purchase of a ship for introducing the service in the country. Initially, ferries will be launched from Karachi port to Iran, Dubai and Oman and eventually the routes would be enhanced to facilitate people for getting alternative sources of entertainment. In order to promote and encourage this new service in the country, the Ministry for Maritime Affairs has also suggested that there be no port charges for 4-5 years as well as allowing prospective investors to launch both ferry and dining cruise services. *(Ferry is commercial service with terminals and boats for transporting persons and automobiles across a river or other comparatively small body of water).*

Car Sales Rise by 23 pc

Sales of locally assembled cars and LCVs posted 23 pc growth in 10MFY18 to 218,301 units from 177,463 in the corresponding period of last year despite increase in vehicles' prices. Sales recorded 39 pc year-on-year increase to 25,567 units in April. Stellar performance in the car segment was driven by record sales of Pak Suzuki Motors Limited (PSMCL) with total sales volume of 14,781 units, data released by Pakistan Automotive Manufacturers Association (PAMA) stated. PSMCL sales surged by 61 pc as Ravi and Wagon R numbers doubled during April. Other brands like Bolan, Swift and Cultus showed impressive rise of 89 pc, 77 pc and 58 pc respectively. According to an analyst at Topline Securities, Pak Suzuki delivered its March commitments in April, resulting into stronger figures in the latter. Overall sales of the company climbed to 122,075 in first 10 months of 2017-18, up 30 pc from same period of FY17.

INTERNATIONAL ARENA

US and China Will Avoid Conflict in Trade

Billionaire Warren Buffett said recently it is not likely that the United States and China will come to loggerheads on trade, saying the two countries would avoid doing "something extremely foolish." "The United States and China are going to be the two super-powers of the world, economically and in other ways, for a long, long, long time," Buffett said at Berkshire Hathaway Inc's annual shareholders' meeting in Omaha, Nebraska. "We have a lot of common interests and like any two big economic entities, there are times when they'll be tensions, but it is a win-win situation when the world trades," Buffett said.

US Jobless Rate Hits 17-Year Low

Unemployment in the United States fell to a fresh 17-year low in April amid steady hiring, welcome news for the White House that also could increase the chance of interest rate hikes. Employers added a weaker-than-expected 164,000 new positions for the month while the jobless rate fell to 3.9 pc, its lowest level since December 2000. Unemployment among African-Americans fell to 6.6 pc, the lowest since such records began more than 46 years ago. Employment gains were broad-based across industries, with largest increases in business services, health care, education, construction and manufacturing. But automanufacturing, government and wholesale trade all shrank.

British Car Sales Rebound

Britain's new car sales rebounded slightly in April, industry data showed recently, having slid a year earlier on taxation changes for high-polluting diesel vehicles. New registrations for all cars rose 10.4 pc in April year-on-year to 167,911 vehicles, the Society of Motor Manufacturers and Traders (SMMT) said in a statement. That was the first increase since March 2017 and snapped a 12-month run of sliding sales, as plunging demand for diesel vehicles offset a surge in electric and hybrid car purchases. Overall sales began falling in April 2017 after the government overhauled car tax to hike duties on diesel automobiles.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 04

Volume 13, Issue No. 20 | Date: May 18, 2018

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

Walmart to Acquire Flipkart for \$16 bn

Walmart Inc. said recently it will pay \$16 bn for a roughly 77 pc stake in Indian e-commerce firm Flipkart, and shares of the US retailer tumbled 4pc on news of its largest-ever deal, an effort to compete with rival Amazon Inc in an important growth market. Shares of Walmart fell 4 pc in afternoon trade after opening at a seven-month low as the company warned it expects the deal to shave fiscal 2019 earnings by 25-30 cents per share if it closes before the end of the second quarter. It also expects Indian investments to shave 60 cents per share from earnings in fiscal 2020.

Global Debt Reaches Record High of \$164 tr: IMF

The International Monetary Fund (IMF) launched its database of public and private borrowing recently, noting that worldwide debt has now reached a new record high of \$164 tr, equal to 225 pc of global GDP. This surpasses the previous high of 213 pc recorded in 2009. The database covers both public and private borrowing of 190 countries, which virtually covers the entire world and dates back to the 1950s. In April the IMF warned that the world economy was more indebted now than before the global financial crisis (GFC) more than a decade ago and immediate action is needed to stop the next downturn.

TIDBITS

Netflix's Numbers

The entertainment tech company Netflix has a workforce of about 3,500 people who serve more than 100 mn subscribers.

Unemployment Spike During Financial Crisis

According to data from the International Labour Organisation, unemployment rose by 34 mn around the world between 2007-2010.

MANAGEMENT & INFOTECH CORNER

Block Out Time for Solitude And Thinking

The volume of information and stimuli coming at us every day makes it more difficult to focus than ever. To do the careful thinking that decision making and leadership require, you must step back from the noise of the world. Schedule 15-minute breaks at least once or twice a day to sit quietly in your office or take a walk. Commit to these breaks as you would any meeting or appointment; if you don't schedule moments of quiet, something else will fill the time. Use them to think about your to-do list, especially the tasks you should stop doing. Solitude gives you the space to reflect on where your time is best spent. Try to get clarity on which meetings you should stop attending, which committees you should step down from, and which invitations you should politely decline. (Adapted from *In a Distracted World, Solitude Is a Competitive Advantage*, by Mike Erwin-HBR.)

Be Respectful to Departing Employees

When one of your employees quits, you may take it personally. But keep in mind that their decision may have little to do with you: Most people leave because their opportunities for growth are limited. Encourage all your employees to openly discuss with you their goals and plans for the future, even if those plans do not involve staying with the company. Honest conversations like these will help you plan for the future if an employee does not intend to stay over the long term. And do not try to convince employees to stay if they are not getting the opportunities they need; they will just end up bored and unmotivated. If you accept that it is time for someone to move on, they will leave feeling positive — and you will have a stronger pool of alumni advocating for your company in the marketplace. (Adapted from *As Your Company Evolves, What Happens to Employees Who Don't?*, by Robert Glazer-HBR.)

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.