



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 23 | Date: June 08, 2018

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

PAKISTAN COMPENDIUM

BANKING SCENARIO

Deposits Folder

According to the weekly position of all scheduled banks for the week ended May 25, 2018, deposits of all scheduled banks stood at Rs. 12,258.375 bn after a 1.43 pc increase over the preceding week's figure of Rs. 12,083.590 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,045.698 bn, higher by 0.93pc over the preceding week's figure of Rs. 6,980.959 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 6,732.834 bn against preceding week's figure of Rs. 7,064.319 bn, less by 4.69 pc.

Payment Systems Review: January - March, 2018

Snapshots as on 31st March, 2018

- Total Population - 207.77 mn (Provisional Census Report 2017)
- Currency in Circulation - Rs. 4.1 tr
- Number of Banks' Accounts - 49,006,112
- Number of Banks (Branches) - 45, Branches 14,850
- Commercial/ Specialized Banks (Branches) - 13,789
- Microfinance (Branches) - 944
- Overseas Banks Branches - 117
- Number of Real Time Online Branches (RTOBs) - 14,710
- Number of Banks having ATM machines - 32
- Number of Banks having POS machines - 9
- Number of Banks providing Internet Banking services - 26
- Number of Banks providing Mobile Phone Banking services - 20
- Number of Banks providing Call Center Banking services - 25
- Total Number of PRISM System Participants - 43
- Total number of ATMs Interoperable Switches - 2
- Total number of Cash Deposits Machines (CDMs) - 5

MARKETS AT A GLANCE

Rates are taken till Friday 1:00 pm*

KIBOR (6 MONTHS)		
	Bid%	offer%
STARTING	6.31	6.56
ENDING	6.69	6.94
CHANGE	+0.38	+0.38

FOREIGN EXCHANGE RATES			
	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 158.30	PKR 138.60	PKR 118.80
ENDING	PKR 158.30	PKR 138.60	PKR 118.40
CHANGE	0	0	-0.4

PAKISTAN STOCK EXCHANGE	
100 Index	
STARTING	42,912
ENDING	43,948
CHANGE	+1036

GOLD RATE	
(10 gm)	
STARTING	PKR 49,725
ENDING	PKR 49,468
CHANGE	-257

* Due to Ramadan



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Drought to Decrease

The drought-like conditions, prevailing in the country since the start of the Kharif season two months ago, showed early signs of fading recently, as temperatures rose to the highest level in 10 years in the catchment areas. The temperature in Skardu increased suddenly to 32 degree Celsius — highest in 10 years — resulting in swift snow melting and increased river flows. It seems the drought-like conditions are disappearing, a spokesman for the Indus River System Authority said. "We are hopeful to have good water availability for rice crop sowing that starts in mid-June and continues until August." He said 60-70pc cotton sowing was now complete and remaining was in final stages that would get a boost due to better water availability.

Philanthropy Hits a New Peak this Ramazan

Living up to their reputation, generous Pakistanis are donating liberally this Ramazan. The magnitude of charitable giving in Pakistan this year is expected to touch a new peak of around Rs. 173 bn. The estimate was worked out by hiking last year's charity spending of Rs.158 bn by 10pc. Many market watchers consider the projected estimate to be conservative.

Meat Exports Begin to Grow Again

Meat exports are back on the rise, brightening the scope for export earnings to touch the \$250 mn mark at the end of this fiscal year in June. In March and April, Pakistan earned about \$61 mn through meat exports, which somewhat compensated for a sluggish trend seen in the previous eight months of the current fiscal year and pushed 10 months' exports close to \$190 mn. Exporters say that exports have remained strong in May as well, and they hope for the trend to continue in June. If that turns out to be the case, Pakistan's meat exports in this fiscal year will reach \$250 mn, up from \$221 mn in the last year, but still lower than \$269 mn in fiscal year 2016.

Banks Park Rs. 7 tr in Govt Securities

Scheduled banks' investment in the government securities has reached around Rs. 7 tr – slightly above the stock of advances of banks. The State Bank of Pakistan's (SBP) latest report showed that the stock of scheduled banks'

HIGHLIGHTS

- In a bid to overcome drought in some districts of the Province, the Balochistan government has decided to use cloud seeding and artificial rain technology to cater to the needs of an area of 10,000 sq km in Gwadar District.
- The SBP issues more than Rs. 350 bn fresh currency notes for Eid-ul-Fitr in 2018.
- Cement sales surged to record 42.915 mn tonnes in the first 11 months of the current fiscal year over 37.588m tonnes in the same period last year. Capacity utilization at 95pc which is also the highest-ever in the history of the local cement industry. A capacity utilization of 93.62pc was last achieved in 1992-93.
- The country exported 370,000 tonnes of kinno in this season fetching \$222 mn — the highest ever volume during any season. Kinno exports began from December 2017 and continued till the beginning of May 2018. Last year exports stood at 325,000 tonnes.
- The public sector enterprises' (PSEs) debt has almost soared to Rs1 tr at the end of third quarter of FY18, State Bank of Pakistan (SBP) reported in its latest issue of Statistical Bulletin for June.
- The Securities and Exchange Commission of Pakistan (SECP) registered 1,094 companies in May, 2018 showing a growth of 17pc over the corresponding month last year.



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holdings of government securities on April 30 was Rs. 6.975 tr. The stock of banks' investment in Pakistan Investment Bonds has fallen to Rs. 2.71 tr while the investment in the market treasury bills increased to Rs. 4.437 tr. Non-banks like insurance companies and others are also in competition with banks to invest in the government papers. The overall investment of non-banks in the government papers reached Rs. 1.984 tr. The SBP reported that the banks' share in the government papers is 77.9pc while the share of non-banks is 22.1pc.

Pak-China Balance of Trade

The balance of trade is grossly in favor of China as arrival of goods from Pakistan's largest trading partner rose to \$9.322 bn in July-April 2017-18 while exports from Pakistan remained dismal at \$1.444 bn. According to Pakistan Bureau of Statistics (PBS) figures, exports from Pakistan stood only \$1.365 bn in 2016-17 as against imports of \$7.850 bn in 2016-17 from China.

Karachi Traders Eye Rs. 60 bn Eid Sales

Traders in the city have fixed a sales target of Rs. 60 bn for this Eid-ul-Fitr shopping — up from Rs. 40 bn in 2017 and Rs. 50 bn in 2016. Traders said so far sales have remained slow during the day — from 1pm till post-Iftar — as the scorching heatwave and humidity kept buyers away from the markets. Buyers prefer arriving in markets after Iftar. Justifying the sales target of Rs. 60 bn, Chairman All Karachi Tajir Itehad said if a person does Eid shopping of at least Rs. 2,000, then the sales volume comes to Rs. 40bn keeping in view Karachi's population of 20 mn.

Pak-Suzuki Raises Prices for 3rd Time This Year

Pak Suzuki Motor Company Ltd (PSMCL) has made third price hike by Rs. 20,000-30,000 this year. The new price of Mehran VX and VXR has been raised to Rs. 739,000 and Rs. 795,000 from Rs. 709,000 and Rs. 762,000.

Suzuki Ravi and Bolan now cost Rs. 756,000 and Rs. 814,000 as against Rs. 726,000 and Rs. 784,000 respectively.

The new price of Suzuki Cargo van and Cultus VXR is Rs. 780,000 and Rs. 1.3 mn.

INTERNATIONAL ARENA

Iran's Oil Exports 2.7 MBPD

Iran's oil exports hit 2.7 mn barrels per day (bpd) in May, news agency SHANA reported recently, a new record since the lifting of international sanctions on Tehran in 2016, and despite the threats of fresh US sanctions. US President had said the United States would impose new sanctions that seek to reduce the country's oil shipments. Iran exported 2.4 mn bpd of crude oil in May, SHANA reported, and 300,000 bpd of natural gas condensate. Iran's oil exports were 2.6 bpd in April.

US Employers Keep on Hiring

Defying fears of a global trade war, US businesses have made it abundantly clear that they see no reason to stop hiring. Employers added a robust 233,000 jobs in May, up from 159,000 in April, the government said recently, and helped drive the nation's unemployment rate to an 18-year low of 3.8pc

Indian Economic Growth Hits Highest Rate

The Indian economy grew 7.7pc year-on-year in January-March, its quickest pace in nearly two years driven by higher growth in manufacturing, the farm sector and construction. The figure surpassed China's growth rate of 6.8pc in the January-March quarter, confirming India as the fastest growing major economy. For the fiscal year that ended March 31, the Ministry of Statistics reported growth of 6.7pc, down from 7.1pc for a year earlier. However, economists expect growth to be robust in the current financial year.

China State Banks Push Into Home Rental Market

As property prices rise across China, Beijing has appealed to the country's banks and insurers to help accelerate the development of rental markets as a way of making homes more affordable and rein in speculative sale markets. The big state banks have responded by pledging more than 3 tr yuan (\$467 bn) in rental housing financing, including for real estate developers, leasing firms and tenants, according to Reuters calculations. The total value of the rental market was 1.3 tr yuan last year.



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Global Trade Friction and Asian Factories

Factory growth in Asia's major manufacturing hubs showed signs of cooling last month as they braced for a rocky ride from rising global trade tensions, while the region's key emerging markets grappled with accelerating inflation and a strong dollar. Economies in export-reliant Asia continued to benefit from a synchronized uptick in world growth, though the Trump administration's moves to slap tariffs on some of the US's largest trading partners have stoked uncertainty about the outlook and rattled financial markets. The biggest risk for China's vast manufacturing sector, which posted surprisingly steady growth this year, stems from a potentially crippling trade war with the US, analysts say.

British Taxpayers to Lose in \$3.5 bn RBS Sale

Britain is selling some of its stake in Royal Bank of Scotland for about 2.6 bn pounds (\$3.5 bn), although it will realize a significant loss as it unwinds its holding and returns the bailed-out lender to private hands. The government said recently it would sell about 7.7pc of RBS, which was rescued in a 45.5 bn pound bailout at the height of the 2008 financial crisis, reducing its overall stake to 62pc.

Russia, Abu Dhabi Agree to Help Balance Energy Market

Russia and Abu Dhabi recently signed a cooperation agreement to stabilize energy markets amid a rising trend in oil prices. The deal calls for both countries to maintain contacts to ensure balance and stability on the world hydrocarbon market, taking into account the interests of producers and consumers. High oil prices are usually seen to be in the interest of producer countries, and lower prices in the interest of consumers. Russia and the OPEC cartel of oil producers including the United Arab Emirates at the end of 2016 reached a deal to cut production following a glut that had sent prices crashing and the crude sector into disarray. Abu Dhabi, one of seven states in the United Arab Emirates, holds more than 90pc of the federation's 98 bn barrels of crude oil reserves. The UAE is OPEC's fourth largest crude oil producer.

MANAGEMENT & INFOTECH CORNER

Take Career Development into Your Own Hands

We all want to improve at work, but sometimes it feels like you are the only one invested in your development. If human resources or your boss is not giving you what you need, what can you do? One option is to use feedback to find out where you need to grow. For example, after a presentation or a big meeting, tell your boss one thing that you think went well and ask for advice on one thing you could improve. Use a journal to track what you should work on. List the competencies you need to develop, and rate yourself on them according to the feedback you have received. For example, if you are a brand marketer, you might give yourself an A in advertising development, a B in pricing analysis, and a C in trade marketing. Focus on the C's to close your skill gaps, and monitor your progress.

(Adapted from *6 Ways to Take Control of Your Career Development if Your Company Doesn't Care About It*, by Carter Cast - HBR.)

Really, Do not Email on the Weekend

In theory, you should be able to catch up on work whenever you want. But as a manager, you have to be aware of the signals you are sending when you email employees after hours or check in about projects on the weekend. Many people will see these things and think, "My boss is working, so I need to work, too." So if you decide to check email on Sunday evenings, for example, do not message your employees until Monday. Or, if you truly do need to send some emails, be very clear with your team that you do not expect anyone to read them or respond during the weekend. You can also write the emails but leave them in your drafts folder until the next morning, or schedule them to be sent later.

(Adapted from *If You Multitask During Meetings, Your Team Will, Too*, by Ryan Fuller, et al - HBR.)



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TIDBITS

Facebook's Growing Popularity in Developing Countries

Only the US and UK are in the list of top 10 countries using Facebook in the developed world. These two countries account for only 13pc of users.

Tech Power on the Coasts

China's east coast and America's West Coast are home to nine out of the top 10 internet companies in the world.

Differing Views of Privacy

According to a survey conducted by Pew Research Centre, 85pc of Germans said that they favored Europe's data privacy standards, which are more stringent than those in the US. Only 29pc of Americans favored the more stringent rules, however.

M&A are on the Rise

Mergers and acquisitions have been soaring since 2012, with global M&A deals valued at over \$4.5 tr yearly for the past four years.

How Not to Derail Public Speaking

Many people feel anxious about speaking in front of a group, but remember that some fears are real and others are not. (Running out of time should worry you; being booed by your audience should not.) To focus on the realistic concerns, draw three columns on a piece of paper. List your fears in the first column. In the second, write the worst thing that could happen if those fears come true. And in the third column, note the best thing that could happen. For example, you might be afraid of tripping onstage while you talk. The worst-case scenario might be that someone films it, posts it to YouTube, and it goes viral. But the best thing might be that it reminds your colleagues that everyone is human, and then more people discover your work because of the extra buzz.

(Adapted from *5 Ways to Get Over Your Fear of Public Speaking*, by Mark Bonchek and Mandy Gonzalez - HBR.)

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**If bankers can count,
how come they always
have ten windows and
two tellers?**

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Milton Berle

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