



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 27 | Date: July 06, 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 June 22, 2018, deposits of all scheduled banks stood at Rs. 12,477.955 bn after a 1.04 pc increase over the preceding week's figure of Rs.12,348.960 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,207.921 bn, higher by 0.46 pc over the preceding week's figure of Rs. 7,174.921 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 8,014.637 bn against preceding week's figure of Rs. 7,918.232 bn, increased by 1.22 pc.

Cement Sales Hit Record 45.8 mn Tonnes in 2017-18

The cement industry during 2017-18 posted yearly growth of 14 pc with domestic consumption increasing by 15.42pc and exports up by 1.77pc. This is first time in nine years that exports registered growth. According to data released by All Pakistan Cement Manufacturers' Association (APCMA), total industry despatches surged to 45.893 mn tonnes in 2017-18 against 40.315 mn tonnes despatched in 2016-17. This is the highest ever growth posted by the industry in its history. Domestic consumption stood at 41.147 mn tonnes in 2017-18.

OECD to Offer Technical Assistance for Tax Reforms

The Organisation for Economic Cooperation and Development (OECD) will extend technical assistance to Pakistan in its efforts for undertaking broad based tax reforms. The assurance came from OECD Secretary General, Ángel Gurría at the organisation's headquarters in Paris in a meeting with Minister for Finance Dr Shamshad Akhtar. An official statement issued by the Finance Division said Pakistan and OECD would further strengthen their cooperation in various areas including tax related matters and sharing of experiences in social and economic development. Both sides expressed satisfaction over the ongoing cooperation between Pakistan and the OECD. The mission of the Organisation for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems.

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	6.79	7.04
ENDING	6.81	7.06
CHANGE	+0.02	+0.02

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 162.00	PKR 142.00	PKR 123.40
ENDING	PKR 163.50	PKR 144.50	PKR 124.00
CHANGE	+1.5	+2.5	+0.6

PAKISTAN STOCK EXCHANGE

100 Index

STARTING	41,910
ENDING	40,284
CHANGE	-1626

GOLD RATE

(10 gm)

STARTING	PKR 50,797
ENDING	PKR 50,968
CHANGE	+171



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SBP's Vision for 2020 and 2030 Discussed

To mark 70 years of the State Bank of Pakistan, governors of past and present discussed the SBP's vision for 2020 and 2030 recently. With Dr. Ishrat Hussain (1999-2005) on one end and Ashraf Mahmood Wathra (2014-17) on the other — the auditorium of the bank's museum, art gallery and archives department, was buzzing with plans and ideas for its 2030 vision. By 2030, according to the central bank's current governor Tariq Bajwa, the SBP should be a tech-based organisation. Speaking at the event, Mr Bajwa, who was also the chief guest, said that in 12 years the central bank and banking sector should be willing and able to absorb new technology.

SBP Prescribes Mechanism to Monitor Exports

The State Bank of Pakistan (SBP) has prescribed a standardised mechanism to monitor the required exports of existing as well as new projects under Long Term Financing Facility (LTFF). The SBP said that to streamline the procedure for financing new projects and the BMR (balancing and modernisation) of existing projects has been devised under a standardised procedure. Under LTFF, participating financial institutions (PFIs) can provide long-term local currency finance for imported and locally manufactured new plants and machinery to be used by the export-oriented projects. The facility will be available to the export-oriented projects with at least 50 pc of their sales constituting exports or if their annual foreign sales are equivalent to \$5 mn, whichever is lower. Only new plant, machinery and equipment to be used by the export-oriented projects for producing exportable goods will be eligible for this financing. The core categories are textile and garments, rice processing, leather and leather products, sports goods, carpets and wools and surgical instruments.

SBP Reserves - \$602 mn

Foreign exchange reserves held by the State Bank of SBP (SBP) in the week ending on June 22 amounted to \$16.244 bn. The foreign exchange holdings of the commercial banks have further increased to \$6.581 bn; a rise of \$48 mn within a week.

Rs. 1 bn ABAD Seed Fund for Low-cost Housing

The Association of Builders and Developers of Pakistan

(Abad) has created a seed fund of Rs1 bn for construction of affordable low-cost housing throughout Pakistan. The move aims to overcome shortage of quality housing in the country, said Chairman Abad Arif Jeewa at the website launch for Affordable Housing Advisory Centre for Affordable Settlements and Housing at Abad House recently.

Sugar Exports Rise

Pakistan's sugar exports hit a new peak of 1.359 mn tonnes fetching \$474 mn in July-May 2017-18 as compared to 302,268 tonnes earning \$158 mn in the same period last fiscal. Sugar exports were made to African countries, the Middle East, Nepal, Myanmar, etc. A sugar miller said, "Export of 1.5 mn tonnes of sugar have been completed in the current fiscal year."

HIGHLIGHTS

- The private sector credit off-take for FY 18 stands at Rs. 601 bn .
- The Ministry of Industries & Production evolves first ever draft policy for steel sector development, offering several incentives for the steel manufacturers coming up with a minimum investment of \$ 350 mn.
- Nearly 5,000 people file returns declaring their foreign assets and deposit about Rs80 bn in taxes till June 2018.



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INTERNATIONAL ARENA

WTO Sees Signs of Trade Tensions Affecting Global Economy

Trade barriers being erected by major economies could jeopardise the global economic recovery and their effects are already starting to show, the World Trade Organisation said in a report on trade restrictions among G20 nations. This continued escalation poses a serious threat to growth and recovery in all countries, and we are beginning to see this reflected in some forward-looking indicators, WTO Director General Roberto Azevedo said in a statement. He did not elaborate, but in May the WTO's quarterly trade outlook indicator suggested trade would grow slower in the second quarter than in the first. One component of its composite forward-looking indicator is international air freight data from the International Transport Association, which issued its figures for May recently. IATA said air cargo demand was expected to grow by a modest 4.0 pc in 2018, less than the 4.5 pc foreseen in December.

The WTO analysis found that G20 countries introduced 39 new trade restrictions between mid-October last year and mid-May this year, double the rate seen in the previous period, affecting trade in iron and steel, plastics and vehicles.

Steel Workers Endorse Merger

The union representing workers at Tata Steel's European operations recently endorsed the company's joint venture with Germany's Thyssenkrupp following agreements on jobs, investment and production. The two steel firms signed a landmark joint venture deal recently to create Europe's No.2 steelmaker with 17 bn euros (\$20 bn) in sales, marking the sector's biggest tie-up in more than a decade.

ARAMCO Plans Change in Asia Crude Oil Price Formula, to Use DME Oman

Saudi Aramco plans to change the formula used to price its long-term crude oil sales to Asia starting from October, marking the first change in benchmarks for its official selling prices (OSP) since the mid-1980s, the company said recently. The new formula will be based on the average monthly prices of Oman crude futures traded on the Dubai Mercantile Exchange

(DME) and the average cash price for Dubai assessed by pricing agency S&P Global Platts, instead of the average of Oman and Dubai prices assessed by Platts, Aramco said.

UK Wants to Set Own Fishing Rules

Britain wants to decide how much access to its fishing grounds it gives after it leaves the European Union, according to a policy document issued recently. As an independent coastal state for the first time in over 40 years, access to UK waters will be on our terms, under our control and for the benefit of UK fishermen, food and environment minister Michael Gove said. This is consistent with the approach to fisheries taken by other coastal states including Norway. The government wants to separate the issue of access to its waters from that of how much British fish is exported to the EU in its Brexit discussions with Brussels.

Agriculture in Europe to Decline as Asian Output Grows

Agricultural production in Western Europe is set to decline over the coming decade, with output in Africa and Asia expected to increase, the OECD and the UN Food and Agriculture Organization said in a report. The unrest-wracked Middle East meanwhile faces a rising threat of food insecurity, the report said, as conflict, climate change and poor policy all have the effect of keeping the region overly reliant on imports. "Over the coming decade, the expansion of agricultural production will be disproportionately concentrated in the developing world," the Organisation for Economic Cooperation and Development and the FAO said in their joint report. "Overall, output will expand less in developed economies, notably in Western Europe, where agricultural and fish production is only projected to grow by around 3 pc over the outlook period," the report added. Nonetheless, the region's food security is set to remain dependent on global markets, because "domestic production capacity will remain insufficient to meet the region's growing consumption needs". South and east Asia — which includes China and India — are the world's biggest producers of a wide array of agricultural products.

India's PNB to Scale Down Most Operations in Mumbai Branch

India's Punjab National Bank (PNB) is closing nearly all its operations in a Mumbai branch that was at the heart of a \$2 bn fraud, according to sources with knowledge of the



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decision. The move to downsize the Brady House branch, which has come to symbolise the biggest banking scandal in the country's history, comes as India's second-largest state lender seeks to tighten controls and restore its reputation. The 123-year-old bank has lost more than half its market value since the fraud came to light in late January.

USA Backs off Imposing China Investment Limits

The American President is shifting away from a proposal to impose limits on Chinese investment in American technology companies and high-tech exports to China. Instead, the president is calling on Congress to enhance an existing review process. The announcement came recently, following intense internal battles over the issue and published reports of impending bans on Chinese investment that had sent financial markets into a nose dive at the beginning of the week.

Beijing Defends its Business Record

China insisted it has "carried out every promise" made in joining the World Trade Organization as Washington and Brussels push Beijing to do away with protectionist policies. Hitting back at critics, China published a white paper titled "China and the World Trade Organisation" outlining reforms

Beijing has undertaken since joining the agreement in 2001. "There is not one WTO member that has economically suffered or lost out because China joined the WTO, this situation doesn't exist," said China's vice commerce minister Wang Shouwen, at a press conference introducing the report.

MANAGEMENT & INFOTECH CORNER

The Impact of a Mobile Ad

On average, people spend 1.7 seconds viewing a mobile ad that appears in social news feeds.

Bias in Performance Reviews is Overlooked

According a survey conducted by the NeuroLeadership Institute at its management summit, 57 pc of managers said they were not taking steps to address bias in performance evaluations.

Keep Your Network Meaningful

The research on networking is clear: High-quality connections are more valuable than weak ties. That means a bigger

THE FORTUNE 500 RANKING: AMERICA'S BIGGEST COMPANIES

TOP TEN COMPANIES IN TERMS OF ASSETS - RANK 2017

RANK 2017	COMPANY NAME	FIELD	Assets
1.	FANNIE MAE-WASHINGTON , DC	FINANCIALS	US\$ 3,345,529.0 mn
2.	JPMORGAN CHASE & CO-New York, New York	FINANCIALS	US\$ 2,533,600.0 mn
3.	BANK OF AMERICA CORP.-CHARLOTTE, NORTH CAROLINA	FINANCIALS	US\$ 2,281,234 mn
4.	FREDDIE MAC-MCLEAN, VIRGINIA	FINANCIALS	US\$ 2,049,776.0 mn
5.	WELLS FARGO-SAN FRANCISCO, CALIFORNIA	FINANCIALS	US\$ 1,951,757.0 mn
6.	CITIGROUP-NEW YORK, NEW YORK	FINANCIALS	US\$ 1,842,465.0 mn
7.	GOLDMAN SACHS GROUP-NEW YORK, NEW YORK	FINANCIALS	US\$ 916,776.0 mn
8.	MORGAN STANLEY-NEW YORK, NEW YORK	FINANCIALS	US\$ 851,733.0 mn
9.	PRUDENTIAL FINANCIAL-NEWARK, NEW JERSEY	FINANCIALS	US\$ 831,921.0 mn
10.	METLIFE-NEW YORK, NEW YORK	FINANCIALS	US\$ 719,892.0 mn



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TEN BIGGEST COMPANIES BY EMPLOYEES - FORTUNE 500 RANKING

TOP TEN COMPANIES BY EMPLOYEES - RANK 2017

RANK 2017	COMPANY NAME	500 REVENUE RANK	2017 - NUMBER OF EMPLOYEES	FIELD
1.	WALLMART	1	2,300,000	RETAILING
2.	AMAZON.COM	8	566,000	RETAILING
3.	YUM CHINA HOLDINGS	397	450,000	FOOD SERVICES
4.	KROGER	17	449,000	FOOD & DRUG STORES
5.	HOME DEPOT	23	413,000	RETAILING
6.	INTERNATIONAL BUSINESS MACHINES	34	397,800	TECHNOLOGY
7.	BERKSHIRE HATHAWAY	3	377,000	FINANCIALS
8.	FEDEX	50	357,000	MAIL & FREIGHT DELIVERY
9.	UNITED PARCEL SERVICE	44	346,415	MAIL & FREIGHT DELIVERY
10.	TARGET	39	345,000	GENERAL MERCHANTISERS

network is not necessarily better. If your network isn't helping you forge deeper, more authentic relationships, it may be time to shrink it. Start by taking stock of your priorities. Is how you're spending your time aligned with your goals? For example, does that conference you've attended for years actually help you? If not, drop it. Next, think about the relationships you want to cultivate. What types of people do you want to spend more time with? Are they the types of people you're currently devoting your energy to? If not, make a plan to change who you're investing time in. (Adapted from, "Why Your Inner Circle Should Stay Small, and How to Shrink It," by Scott Gerber-HBR.)

Get More Sleep: Starting Tonight

It's no secret that most of us don't get enough sleep — or that sleep deprivation can hurt our logical reasoning, focus and

mood. But do you know how to get the seven to nine hours you need? To start, you should go to bed when you're just starting to feel drowsy. For many people, that's usually between 10 p.m. and 11 p.m., when melatonin, a natural hormone that makes you relax and ultimately fall asleep, often kicks in. And you probably already know to avoid screens at night, since their blue light rays can inhibit the production of melatonin, but you should also stay away from any activity that requires a lot of thinking. Before bed, try doing the dishes or going for a walk. Getting a good night's sleep is a learnable skill.

(Adapted from "Senior Executives Get More Sleep Than Everyone Else," by Rasmus Hougaard and Jacqueline Carter-HBR.)

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