



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

Volume 13, Issue No. 32 | Date: August 10, 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 July 27, 2018, deposits of all scheduled banks stood at Rs.12,551.434 bn after a 0.12 pc decrease over the preceding week's figure of Rs.12,566.667 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,336.045 bn, higher by 0.24 pc over the preceding week's figure of Rs. 7,318.094 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 7,785.159 bn against preceding week's figure of Rs. 7,833.857 bn, less by 0.62 pc.

SBP To Regulate Banks' Overseas Operations

The State Bank of Pakistan has moved to develop a more detailed "governance framework" for the overseas operations of all banks. In a document released recently, the SBP said the framework is issued in light of "changing dynamics of foreign environment" and aims "to further strengthen the governance, risk management & compliance practices for banks' overseas operations." The framework covers all foreign operations of Pakistani banks including general operations, overseas subsidiary operations, overseas operations and profit repatriation, performance monitoring & regulatory reporting of overseas branch operations shall be applicable with immediate effect.

FWBL Opens First Transgender Account

After getting right to express their gender as they wish, the First Women Bank opened first transgender account. "We are committed to reaching out to those segments of society that have not been given the opportunities they are entitled to as equal citizens of Pakistan," said the bank's press release. There is no restriction for account opening for the transgender community.

SBP Moves to Boost Housing Finance

After announcing 'Policy for Promotion of Low-Cost Housing Finance' on July 18, the State Bank of Pakistan (SBP) has taken the government and Pakistan Mortgage Refinance Company (PMRC) on board for provision of cheap financing to help solve the problem of housing shortage. The SBP had earlier released a detailed study which highlighted the problems faced by housing sector and

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	7.78	8.03
ENDING	7.80	8.05
CHANGE	+0.02	+0.02

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 158.50	PKR 140.50	PKR 123.00
ENDING	PKR 157.00	PKR 140.00	PKR 122.00
CHANGE	-1.5	-0.5	-1.00

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	42,505
ENDING	42,842
CHANGE	+337

GOLD RATE

	(10 gm)
STARTING	PKR 47,668
ENDING	PKR 47,239
CHANGE	-429



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 02

Volume 13, Issue No. 32 | Date: August 10, 2018

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

suggested possible measures to solve the crisis with the initiation of housing finance policy. According to the study, the population is growing at an average rate of 2.4 pc since 1998 and the annual demand for new homes is approximately increasing by 0.7 mn a year whereas only about half of this demand is currently being met.

Limited Liability Partnership (LLP) to Promote Informal Economy Documentation

The Securities and Exchange Commission of Pakistan (SECP) is extending maximum facilitation to businesses seeking registration and the introduction of Limited Liability Partnership (LLP) is a positive step in this direction. Speaking at an awareness programme recently, SECP Registrar of Companies Liaquat Ali Dolla said the LLP was an alternative form of business that became available for registration after enactment of Limited Liability Partnership Act 2017 and Limited Liability Regulations 2018.

Oil Sales Drop 30 pc

Total oil sales in July fell by 30 pc year-on-year to 1.6 mn tonnes owing mainly to the decline in usage of furnace oil by power sector, according to the monthly sales report released by the Oil Companies Advisory Council (OCAC). Furnace oil sales during the month declined to 351,000 tonnes from 874,000 tonnes in July 2017. Furnace oil sales during the month declined to 351,000 tonnes from 874,000 tonnes in July 2017. Diesel sales fell by 22 pc YoY to 614,000 resulting from an increase in per litre price by 43 pc to Rs. 113 per litre in July versus Rs 80/litre in July 2017. However, sales of petrol remained relatively flat during July at 614,000 tonnes as compared to 615,000 tonnes in July 2017.

Karachi Offers Huge Potential for Digital Payment System: Study

Businesses, individuals and government can save up to \$1.5 bn from Karachi if consumers adapt digital payment systems, according to a study commissioned by VISA. The study, "Cashless Cities: Realizing the Benefits of Digital Payments" which researched on payment patterns of 100 cities from 80 countries reveals that by 2032, cashless payments could increase Karachi's employment by 4.7 pc and accentuate GDP growth rate with 14.3 basis points. During a press briefing held recently, Majeed Hujair, Senior Director, School of Public Policy

for Central and Eastern Europe, Middle East and Africa (CEMEA)-Visa said that around 10 pc of Karachi's total population has adapted digital payment systems whereas the rest of 90 pc population is still using traditional modes. Describing the benefits of digital payments, he said businesses and governments have to pay the cost of cash management; benefits of going digital could save around \$12 tr for countries, if the 100 cities decide to go cashless.

SBP Reserves Surge by \$1.3 bn

Foreign exchange reserves of the State Bank of Pakistan (SBP) rose \$1.3 bn to \$10.349 bn during the week ended on July 27. The total liquid reserves of the country amounted to \$17.08 bn while holdings of the commercial banks were \$6.73 bn, the SBP reported in a press release recently.

Rice Exports

Country earned \$ 2.073 bn by exporting about 4.106 mn tons of rice during 12 months of last financial year as compared to the exports of 3.523 mn tons valuing \$ 1.606 bn of the corresponding period of last years, as the exports of above mentioned commodity had registered 26.78 pc growth during the period under review.

YOUR BANK ACCOUNT CAN BE OVERDRAWN, BUT IT CAN NEVER BE OVERFILLED.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 03

Volume 13, Issue No. 32 | Date: August 10, 2018

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

INTERNATIONAL ARENA

China Unveils Proposed Tariffs of US Goods

China proposed retaliatory tariffs on \$60 bn worth of US goods ranging from liquefied natural gas (LNG) to some aircraft recently, as a senior Chinese diplomat cast doubt on prospects of talks with Washington to solve their bitter trade conflict given current US behaviour. The Trump administration ratcheted up pressure for trade concessions from Beijing this week by proposing a higher 25 pc tariff on \$200 bn worth of Chinese imports. China immediately vowed to retaliate though at the same time urged the US to act rationally and return to talks to resolve the dispute.

India Hikes Key Rate for Second Straight Meet

The Reserve Bank of India's Monetary Policy Committee (MPC) raised the repo rate by 25 basis points to 6.50 pc. It is the first time since October 2013 that the rate has been increased at consecutive policy meetings. In June, the MPC also increased the key rate by 25 bps. "The swiftness with which the central bank has responded to the jump in inflation should prevent the need for very aggressive policy changes in the future," Capital Economics analyst Shilan Shah said in a note. The bank's decision to raise rates comes as global central banks, such as the US Federal Reserve, The Bank of England and the Indonesian central bank also adopt a tightening path.

The Bank of England (BoE) Raises Rates Above Crisis Lows as Brexit Looms

The Bank of England pushed interest rates above their financial crisis lows recently, but signaled it was in no hurry to raise them further as Britain heads for Brexit next year with no clear plan for leaving the European Union. The BoE's nine rate-setters unexpectedly voted unanimously to raise rates to 0.75 from 0.50 pc, the level at which they have spent most of the past decade, apart from a period after the 2016 Brexit vote when they were cut even lower. But sterling fell against the dollar and the euro and British government bond prices rose after BoE Governor Mark Carney stressed the gradual path for rate hikes ahead.

Heatwave Ravages European Fields, Sending Wheat Prices Soaring

Searing heat has devastated wheat fields across northern Europe while a combination of dry conditions and extreme rain in the Black Sea have hit output estimates, with prices soaring on fears of further crop damage. Evidence of serious harm to crops is growing as harvesting heads north in Germany, the European Union's second largest wheat producer, and in Scandinavia, prompting further cuts to estimates for the 28-member bloc. "The situation is catastrophic in northern Europe," Strategic Grains head analyst Andree Defois said recently. The consultancy last week cut its forecast for this year's soft wheat harvest in the EU, collectively the world's largest wheat grower, below 130 mn tonnes, a six-year low, and Defois said it could revise the estimate again.

Brazil's Industrial Production Rebounds

Industrial production in Brazil rose 13 pc in June, rebounding from an 11 pc plunge in May caused by a crippling national strike by truck drivers, official statistics showed recently. It was the strongest increase in industrial output since 2002, even if it fell short of the 14 pc pc rise predicted by market analysts. The Brazilian Institute of Geography and Statistics office said the boost was seen across all sectors of the economy, with auto production up 47 pc, compared to a 30 pc slide in May. Food production was also up 19 pc, reversing a 17 pc decline.

Britain Hurling Towards 'No-Deal' Brexit

Prime Minister Theresa May's ministers are ratcheting up warnings that Brexit talks risk ending in failure, with International Trade Secretary Liam Fox recently predicting a messy split from the European Union. "The intransigence of the commission is pushing us towards no deal," Fox told the Sunday Times. "We have set out the basis in which a deal can happen, but if the EU decides that the theological obsession of the unelected is to take priority over the economic well-being of the people of Europe, then it's a bureaucrats' Brexit – not a people's Brexit," and "there is only going to be one outcome." The British government has increased the pressure on the EU in recent weeks, urging the bloc to loosen its red lines and come to an accommodation over Brexit. Part of the UK strategy involves giving greater visibility for no-deal planning.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 04

Volume 13, Issue No. 32 | Date: August 10, 2018

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

MANAGEMENT & INFOTECH CORNER

Don't Let Pressure Turn into Stress

Pressure and stress are not the same thing. The former is converted into the latter when you add one ingredient: rumination, the tendency to keep thinking about past or future events in a negative way. When you start ruminating, redirect yourself toward areas in which you can take useful action. Try this exercise: Draw a circle on a page. Write down all of the things you can control or influence inside the circle and all of the things you cannot outside it. Remind yourself that you can care about externalities (your work, your team, your family) without worrying about them. You can also put things in perspective by asking yourself "How much will this matter in three years' time?" or "What's the worst that could happen?" (Adapted from "Pressure Doesn't Have to Turn Into Stress," by Nicholas Petrie-HBR.)

Go Out of Your Way to Establish Trust

You can gauge the health of a virtual team by measuring the average lag time between when team members identify a problem and when they discuss it. If you and your colleagues don't trust one another, issues will go unaddressed for much longer than they should. That's why it is critical for members of a virtual team to establish trust and a sense of safety upfront. Even the smallest of gestures can help: Be generous with information. If someone is struggling with a project or task, be the first to offer help. And when someone on the team has even a minor success, send a congratulatory email. (Adapted from "How to Raise Sensitive Issues During a Virtual Meeting," by Joseph Grenny-HBR.)

Start Practicing Self-Reflection

Research has shown that reflection boosts productivity. Yet few of us make time to reflect. Why? For one, figuring out where to begin can be difficult. Start by identifying a few important questions that you want to address. Here are some

possibilities: "What am I avoiding?" "How am I helping my colleagues achieve their goals?" "How am I not helping their progress?" Then choose a reflection process that works for you. You can sit, walk, bike or stand (alone or with a partner) while writing, talking or thinking. Next, schedule time on your calendar to do it. If an hour of reflection seems like too much, try 10 minutes. Just be still. Think. Consider multiple perspectives. Look at the opposite side of what you believe. (Adapted from "Why You Should Make Time for Self-Reflection (Even if You Hate Doing It)," by Jennifer Porter-HBR.)

New Artificial Intelligence (AI) Predicts Person's Personality by Tracking their Eyes

It is rightly said that eyes tell a story, as scientists have created a new Artificial Intelligence that can predict human's personality through their eyes. The phrase saying eyes as the window to soul might be made true as scientists from different universities across the globe used machine learning to help understand people's eye movements and relate them to predicting their personality types. As per Science Daily, the new technology can identify four of the 'Big Five' basic personality traits that are conscientiousness, agreeableness, neuroticism, and extroversion, leaving to the only trait it cannot judge, openness to experience.

Indra Nooyi Stepping Down as PepsiCo CEO

Indra Nooyi, one of the most prominent female CEOs, will step down as head of PepsiCo following 12 years navigating the soft drinks and snacks company through a tricky climate of often unpredictable consumer preferences on health and sustainability. Nooyi, 62, who was born in India, will be replaced as chief executive by President Ramon Laguarta on October 3, but will remain as chair of the board until early 2019 to oversee the transition. Among the 500 companies in the S&P 500, only 25 — or five per cent — are led by women, including Nooyi.

Editor: Rafi Ahmed | Deputy Editor: Shahla Naqvi | Designed by: M. Jahangir Ishaq | 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.