



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 33 | Date: August 17, 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 August 3, 2018, deposits of all scheduled banks stood at Rs.12, 535.176 bn after a 0.13pc decrease over the preceding week's figure of Rs. 12,551.434 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,356.719 bn, higher by 0.28pc over the preceding week's figure of Rs. 7,336.045 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 8,128.278 bn against preceding week's figure of Rs. 7,785.159 bn, increased by 4.41pc.

No Stability Without Financial Inclusion: SBP

State Bank of Pakistan (SBP) Governor Tariq Bajwa recently expressed firm commitment to increase number of account holders to 50pc of the total adult population by 2020. Addressing a ceremony held at SBP headquarters to mark the 71st Independence Day, Bajwa said financial inclusion is important for monetary stability and economic development. Towards achieving these objectives, National Financial Inclusion Strategy was launched in 2015. The governor was hopeful that Asan Mobile Account and Branchless banking are expected to help increase financial inclusion. He said the banking sector had registered an impressive asset expansion largely due to robust growth in advances to private sector. However, he emphasized the need for expanding banking products for all tiers of the economy, in particular small and medium enterprises, agriculture and financially excluded segments of the society. "SMEs are among priority sectors for their significant role in any economy but they have largely been ignored," said the governor. He said the SBP had recently introduced a policy for promoting SME finance and hoped it will increase bank lendings to small and medium enterprises.

Agri-lending Progress

Progress is being made in agricultural credit disbursement. According to data released by the State Bank of Pakistan (SBP), Rs. 972.6 bn was disbursed in FY18 – 38pc higher as compared to FY17 and almost 97pc of the assigned target of Rs1 tr. The overall outstanding portfolio of agricultural credit increased to Rs. 469 bn while the number of borrowers increased to 3.72 mn. For the current fiscal year, the central bank has set a target of Rs1.25 tr and is particularly focused on increasing outreach to small farmers in underserved areas.

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	7.80	8.05
ENDING	7.80	8.05
CHANGE	0	0

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 157.00	PKR 140.00	PKR 122.00
ENDING	PKR 154.50	PKR 137.50	PKR 121.30
CHANGE	-2.5	-2.5	-0.7

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	42,842
ENDING	42,446
CHANGE	-396

GOLD RATE

	(10 gm)
STARTING	PKR 47,239
ENDING	PKR 46,682
CHANGE	-557



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Exports Rise

Pakistan's exports of merchandise posted a growth of 1.2pc in July from a year ago, the Pakistan Bureau of Statistics said recently. The export proceeds rose to \$1.64 bn in the first month of the current fiscal year from \$1.62 bn over the corresponding month of last year.

4th Neelum-Jhelum Hydropower Project Unit Begins Operation

The fourth and last unit of the Neelum-Jhelum Hydropower Project (NJHP) was synchronized with national grid recently, after it started generating over 200 megawatts on a trial basis. During the project's trial run, the unit will be tested on various loads ranging up to 242MW. With successful commissioning of its all four units, the NJHP is expected to attain its installed generation capacity of 969MW in a couple of days, said a spokesperson for the WAPDA.

PPL Discovers Oil, Gas in Kotri Block

Pakistan Petroleum Ltd announced recently that it has made a gas and condensate discovery at exploratory well Yasar X-1 from its wholly-operated Kotri Block (2468-12) in Sujjawal, Sindh, Yasar X-1 was spud on June 22 and reached a final depth of 2,720 metres on July 10. Based on wire line logs and drilling results, potential hydrocarbon bearing zone was identified which is under testing. Initial testing flowed 3.2 mn cubic feet per day gas and 475 bn barrels per day condensate at 32/64-inch choke, confirming the presence of commercial quantities of hydrocarbons at Yasar X-1.

Fisheries in Pakistan

Pakistan managed to increase its fish production only by 60,000 tons in nearly two decades. For a country that has about 1000 km of coastline, performance needs to be improved. A regional comparison is depicted here:

Annual production (tons) in 2014

	Pakistan	India	Bangladesh	Myanmar
Inland fisheries	276,501	2,821,266	6,181,000	2,462,750
Capture	128,235	961,458	1,300,000	1,463,120
Aquaculture	148,266	1,859,808	4,881,000	999,630
Marine fisheries	346,841	588,988	3,414,821	2,854,200
Total	623,342	3,410,254	9,592,821	5,316,950
Length of coastline (km)	1046	3214	580	271

Source: World Bank 2018

Pakistan to Evaluate Trade Policy on Modern Lines

Pakistan would evaluate trade policy according to modern trends and Strategic policy framework 2015-19 would also be implemented in letter and spirit to boost the country's exports. Pakistan is committed to search the new trade avenues in different regions of the world including, South American, Africa and South East Asian trade destination, a senior official of ministry of commerce told recently. Replying to a question, he said that Free Trade Agreement (FTA) with different countries including Turkey, China and Thailand were under negotiation phase. While talking on second phase of Pak-China FTA, he said China had agreed to provide market access to 58 items, shared by Pakistan besides providing concession on all items included in the offer list. He added that coming round of negotiation with China under 2nd phase of FTA would held in October, 2018 in Islamabad.

TIDBITS

Get Ready for More email

15pc: According to Phil Simon, the author of *Message Not Received: Why Business Communication Is Broken and How to Fix It*, the number of email messages we are getting at work is likely to grow at a compounded rate of 15pc per year.

Obstacles to Investing in Training

According to a survey of American executives conducted in 2014 by The Economist, 55pc said that not knowing how to measure success in their worker training efforts was a major constraint to investing in them.

Serious Training at SoulCycle

Instructors hired to lead SoulCycle classes at one of the company's 74 studios in the US must first go through a rigorous training program in New York that lasts 12 weeks.



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INTERNATIONAL ARENA

Saudi Refinance Firm Plans Islamic Bond Issues to Fund Mortgage Drive

Government-owned Saudi Real Estate Refinance Co. (SRC) plans to begin issuing Islamic bonds in coming months to finance its drive to expand the kingdom's home mortgage market, its chief executive said recently. Founded in 2017 by the Public Investment Fund (PIF), the country's top sovereign wealth fund, SRC has so far operated with financing from the PIF and short-term deals with banks. It will now begin issuing sukuk to raise money, first in Saudi riyals but eventually in foreign currencies to attract international investors, Fabrice Susini said in an interview. Initial issues will be private placements but SRC aims to make its first public sukuk issue in late September or early October, probably of at least 300 mn to 500 mn riyals (\$80 mn to \$133 mn), he said.

Sterling Traders Prepare for Brexit Meltdown

Having sunk to 13-month lows, sterling could fall by up to another 10pc in the coming months should Britain crash out of the European Union without a deal on future trade ties, luring more speculators to bet against the currency. Sterling lost almost 2pc last week just as British holidaymakers were heading off for some overseas sun. The latest move lower, kickstarted by trade minister Liam Fox's warning that, with Britain less than eight months from its scheduled EU departure date in March, there was a 60pc chance of leaving without a deal. The moves were certainly exacerbated by a big and broad dollar rally, and the pound has since clawed back the worst of its losses against the euro, rebounding from 10-month lows.

Qatar Promises \$15 bn as Turkey Moves to Avert Financial Crisis

Turkey has found a benefactor to help pull it out from the brink of a financial crisis as Qatar promised to invest \$15 bn in the country. The lira extended gains to 6pc after Qatar made the pledge after a 3-1/2-hour meeting in Ankara recently. It follows a string of urgent steps Erdogan has taken to protect its economy from an escalating feud with US counterpart Donald Trump over an American pastor held in Turkey.

World Equities Slip on Turkish Currency Woes

Turkey's worsening currency crisis sent world equities lower and cut into the value of emerging market stocks and

currencies recently, while boosting the prices of German bonds and other stable assets. The MSCI world equity index, which tracks shares in 47 countries, was down 0.7pc and 1.7pc since August 10, open as the Turkish lira plunged to a record low, forcing the country's finance minister to announce an economic action plan to ease nerves.

Trump's Auto Tariffs Could Damage South Korea Trade Deal

The trade pact that the Trump administration renegotiated with South Korea this year is in danger as the US considers imposing tariffs on auto imports. While the two sides agreed in March on a revised Korea-US free trade agreement, known as Korus, they still have not signed it into law. And the parliament in Seoul would not be able to ratify the deal if the US slaps new tariffs on Korean car imports on national security grounds. Cars from Korea, which currently face no US tariffs, were the biggest source of the nation's \$18 bn trade surplus with the US last year, according to the Korea International Trade Association. The imbalance was one reason the US demanded that Seoul lower non-tariff barriers to imports of US vehicles in the revised agreement.

Russian Miners Explore Payment Schemes Eschewing Dollar

Two of Russia's biggest mining companies said recently they were investigating rouble-based payments schemes, amid calls from Moscow to reduce the role of the US dollar in Russian trade and so limit the impact of US sanctions. The Kremlin said that Russia favored bilateral trade with all countries in their national currencies, rather than the dollar, but that the idea needed detailed work before being implemented. Russia's Norilsk Nickel, which vies with Brazil's Vale SA to be the world's biggest nickel producer and is the world's top palladium producer, said it was discussing the possibility of settling payments in roubles with foreign customers that had signalled their readiness for such an arrangement.

Migrants Help German Firms Fill Training Vacancies

German companies managed to attract more apprentices to on-the-job training schemes last year due to a surge in applications by asylum seekers from Afghanistan and Syria, data showed recently. Shortages of skilled labor and a lack of young people willing to commit to on-the-job training for up to three and a half years have become big concerns for



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managers in Europe's largest economy. Vacancies for training positions have reached their highest level in more than 20 years with more than a third of companies unable to fill their training spots. The number of new trainees with no German citizenship rose by 10,500, helping to lift the overall number of new vocational training contracts by 5,700 to 515,700 in 2017, the data showed.

MANAGEMENT & INFOTECH CORNER

Care for Your Body Language

If you want people at work to trust and respect you, regardless of your title or authority, pay attention to your body language. How you stand, sit and speak all affect whether people are open to being influenced by you. For example, standing up straight with your shoulders back helps you come across as confident and commanding, while slouching and looking down at your feet have the opposite effect. When meeting with someone you do not know well, keep your arms uncrossed, your hands by your sides and your torso open and pointed at the other person. This sends the message that you are open and trustworthy. And try pitching your voice a little lower than you normally would, to connote power. This can counteract the effect of nervousness, which tends to push the tone of your voice higher.

(Adapted from *How to Increase Your Influence at Work*, by Rebecca Knight-HBR.)

What to Do When You're in a Crisis

When you are going through a personal crisis, you will likely need the support of your colleagues. But they may not know how to be useful, so ask for their help thoughtfully and specifically. Describe what you need and why the help is meaningful to

you, and, as with any request at work, give a deadline. For example, you might say, "I'd love your assistance over the next two weeks while I'm out caring for my mother. Would you be able to complete the report we've been working on by next Thursday? It would free up my mind to focus on what I need to do at home." Research shows that how you frame a request strongly influences whether someone will agree to it. So being clear about exactly what you need will make it easier for your colleagues to help out when you need them.

(Adapted from *What to Do When a Personal Crisis Is Hurting Your Professional Life*, by Amy Gallo-HBR.)

During Vacation, Don't Check email

When you go on vacation, ideally you should disconnect from work completely. But if going off the grid truly is not an option for you, set boundaries for yourself so that you are not tethered to your device. Make a plan to check your messages once a day at a particular time or only on certain days. Put your phone out of reach — your hotel room's safe is a good place — or, if you want to use it to take pictures, keep it in airplane mode. You can also reduce the number of emails you get by making clear in your out-of-office message that you are not reachable. Even if you plan to occasionally check in, telling people that you are available only encourages them to expect a reply. Your out-of-office message gives you the freedom to choose how and when you'll respond (if at all) while you are away.

(Adapted from *3 Ways to Control Your Phone Addiction on Vacation*, by Regan Walsh-HBR.)

‘DON'T LIMIT YOUR CHALLENGES. CHALLENGE YOUR LIMITS’

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