



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 34 | Date: August 24, 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 10, 2018, deposits of all scheduled banks stood at Rs. 12,405.378 bn after a 1.03pc decrease over the preceding week's figure of Rs. 12,535.176 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,366.135 bn, higher by 0.12pc over the preceding week's figure of Rs. 7,356.719 bn.

Investments Brief

Investments of all scheduled banks stood at Rs 8,201.398 bn against preceding week's figure of Rs. 8,128.278 bn, increase by 0.90pc.

Big Industry Misses Growth Target

The large-scale manufacturing (LSM) posted a growth of 5.4pc year-on-year in 2017-18, the Pakistan Bureau of Statistics revealed recently. This year's data show that the FY18 target of 6.3pc was missed. In 2016-17, the LSM went higher by 5.6pc. The increase in June was recorded at 0.51pc, reflecting that the growth in the large industrial sector is decelerating. LSM constitutes 80pc of manufacturing and 10.7pc of the overall GDP. In comparison, small-scale manufacturing accounts for just 1.8pc GDP and 13.7pc in manufacturing

Rs. 185bn Fresh Currency Notes Issued On Eid

The State Bank recently said that fresh currency notes of Rs185 bn had been issued to meet people's demand. "To meet the demand for currency on the occasion of Eidul Azha, State Bank through the 16 field offices of its subsidiary SBP Banking Services Corporation (SBP BSC) issued fresh notes of Rs. 185 bn for Eidul Azha 2018 as compared to Rs. 168 bn issued on previous Eidul Azha," said a press release issued by the SBP. Out of the total fresh notes issued, Rs. 12 bn of lower denomination (up to Rs. 100) fresh notes have been provided to commercial banks as compared to Rs. 8 bn on last Eidul Azha, for onward distribution among general public and account holders.

Exports Rise 1.17pc in July

Pakistan's total exports receipts during the month of July clocked in at \$1.65 bn, up 1.17pc year-on-year from \$ 1.62 bn last year, as per Pakistan Bureau of Statistics (PBS) data released recently. Petroleum and coal exports saw a mammoth rise of 26.4pc reaching \$ 39.3 mn in July, up from \$ 31.1 mn same month last

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 154.50	PKR 137.50	PKR 121.30
ENDING	PKR 154.50	PKR 137.50	PKR 122.00
CHANGE	0	0	+0.7

PAKISTAN STOCK EXCHANGE

100 Index

STARTING	42,446
ENDING	42,588
CHANGE	+142

GOLD RATE

(10 gm)

STARTING	PKR 46,682
ENDING	PKR 46,596
CHANGE	-86



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year, contributed mainly by gains in petroleum crude and naphtha, which led to an increase in overall sector sales.

Tarbela Finally Hits Maximum Level

Tarbela dam has hit its maximum storage level of 1,550-feet this week, exactly 42 days after it had touched dead level on July 8. The dam has a storage capacity of 6.047 mn acre feet (MAF). However, the total storage in the country's reservoirs was still 30pc lower than last year mainly because of low storage in Mangla dam, the country's largest reservoir by storage capacity. So far, the main reservoirs have gained 65.60pc of the combined live storage of 13.681 MAF leaving about 34.40pc capacity still to be filled.

Foreign Direct Investments Position

The country received a total of \$ 128 mn in FDI during July compared to \$ 233.8 mn same month last year, according to SBP. The report also indicates that, during the month under review, China reclaimed its top spot as the leading investor in Pakistan with total investments rising by \$ 1.1 mn reaching \$ 74.5 mn from last year's \$ 73.4 mn. China's share in total FDI reached to 58.2 pc during July this year. The Chinese inflows mostly came under the umbrella of China-Pakistan Economic Corridor related projects. Britain followed behind China at \$ 22 mn, while \$16.5 mn came from United States. Pakistan's total inflows during FY18 clocked in at \$ 2.76 bn which was relatively higher than FY17 tally.

SNIPPETS

Trillions for Shareholders

Companies in the S&P 500 paid out about \$ 7 tr to shareholders between 2007-2016.

Rich Still Collecting Most of the Wealth

The richest 1pc of people in the world collected about 82pc of the wealth created in 2017, according to a recent study from the charity Oxfam.

INTERNATIONAL ARENA

Trade Minister Plans: Make UK Export 'Superpower'

Britain will bid to become an "exporting superpower" after Brexit, Trade Secretary Liam Fox said recently, as he unveiled the government's future export strategy. The country, which is set to leave the European Union in March next year, will aim to increase exports as a proportion of GDP by five percentage points over the long-term, he announced. Britain sold a record £620 bn (\$ 795 bn, 690 bn euros) of goods and services overseas in 2017, accounting for 30pc of GDP, boosted by the recent weakness in the value of the pound. The government and business groups believe it can raise this proportion to 35pc.

Tsukiji Fish Market: Stop Tourist Tuna Viewings

Tokyo's famous Tsukiji fish market will stop admitting tourists to watch its pre-dawn tuna auctions next month, as it prepares to move locations on October 11, a spokeswoman said recently. After more than 80 years in operation Tsukiji, the world's largest fish market and a popular tourist attraction in an area packed with restaurants and shops, will move east to Toyosu, the site of a former gas plant. The market, which opened in 1935, is best known for its pre-dawn daily auctions of tuna, caught from around the world, for use by everyone from top Michelin-star sushi chefs to ordinary grocery stores. The lively tuna auctions are considered a must-see for visitors to the Japanese capital — despite starting at 5:30 am — and daily tourist numbers are capped at 120 people. The early hour does not seem to put off the tourist crowds and "some tourists start lining up at around 2 am", the spokeswoman from the Tokyo metropolitan government said.

Venezuela Devalues Bolivar Under New Rate

Venezuela has devalued the Bolivar by 96pc under a new exchange rate announced by the central bank recently. The announcement comes a day after new banknotes stripped of five zeroes entered circulation as part of a radical plan by President Nicolas Maduro to curb hyperinflation, though business leaders criticized the move as counterproductive. The Central Bank of Venezuela set the rate at 68.65 of the new "sovereign Bolivars" to the Euro, equivalent to around 60 Bolivars per Dollar. The previous rate was equivalent to some



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2.48 sovereign Bolivars to the Dollar. Expressed in the previous “strong Bolivar” currency in effect until recently, it amounts to a hike from 248,210 to 6,000,000 to the Dollar.

China Says Won't Resort to Strong Stimulus but Will Keep Liquidity Ample

China's central bank said recently that it will not resort to strong stimulus to support the slowing economy but will keep liquidity reasonably ample and offer more help to companies which are having trouble obtaining financing. Officials also reiterated that China will not use the yuan as a weapon to deal with trade frictions, a day after US President told that Beijing was manipulating its currency in response to U.S tariffs on imported Chinese goods. Policies will be made more forward looking, flexible and effective, the People's Bank of China (PBOC) said in a statement issued at a briefing in Beijing. The rare central bank news conference follows a spate of weaker readings from the world's second-largest economy in recent months, a sharp drop in the yuan against the dollar and a plunge in Chinese stock markets.

US Close to a New Trade Deal with Mexico

The US and Mexico are resolving their differences on agricultural products covered under North American Free Trade Agreement (NAFTA) after the Trump administration withdrew some of its sweeping demands, bringing the nations closer to an overall deal, according to people familiar with the discussions. American negotiators dropped their demand in the last week to erect barriers against seasonal imports of a wide variety of Mexican farm goods, according to the people, who asked not to be named discussing private negotiations. Two of them said the countries may agree to narrower restrictions on some Mexican produce, such as tomatoes.

US Plan to Fight India's Data Localization Plans

US technology giants plan to intensify lobbying efforts against stringent Indian data localization requirements, which they say will undermine their growth ambitions in India, according

to informed sources. US trade groups, representing companies such as Amazon, American Express and Microsoft, have opposed India's push to store data locally. That push comes amid rising global efforts to protect user data but is one that could hit planned investments by the firms in the Indian market, where the companies currently have limited data storage. The issue could further undermine already strained economic relations between India and the United States.

MANAGEMENT & INFOTECH CORNER

Make Sure Your Work is Aligned with Your Boss's Expectations

Most people have had a boss they struggled to get along with. Maybe the manager did not seem to trust you or was not impressed with your performance. While you may be tempted to blame the situation on your difficult boss, most often a mismatch like this happens when expectations are not aligned. For example, perhaps you handed in a 10-page report when your boss wanted a one-page summary, and they interpreted it as a sign that you did not listen. Get the relationship back on track by clarifying what your boss expects from you. Ask direct questions like, “What are your priorities for me?” and “What criteria should I take into account when making decisions?” And find out how your boss prefers to work with you, including how often you two should meet and when they expect you to be reachable by email and phone. Knowing these expectations now could save you headaches in the future. (Adapted from *How to Win Over a Boss Who Just Doesn't Seem to Like You*, by Jay A. Conger and Allan H. Church-HBR.)

Cold Showers

According to a recent study conducted in the Netherlands, people who finished their morning showers with a blast of cold water called in sick about 29pc less than other workers.

Editor: Rafi Ahmed | Deputy Editor: Shahla Naqvi | Designed by: M. Jahangir Ishaq | Email: Publications@ibp.org.pk

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