

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 37 | Date: September 14, 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 31, 2018, deposits of all scheduled banks stood at Rs. 12,691.179 bn higher by 1.37pc over the preceding week's figure of Rs. 12,519.706 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs.7,426.183 bn, higher by 0.29pc over the preceding week's figure of Rs. 7,404.472 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 6,893.481 bn against preceding week's figure of Rs. 8,226.791 bn, lower by 16.20pc.

External Pressures Ease as Exports Rise, Trade Deficit Subdued

Difficulties on the external front eased further as export data released recently showed exports continuing to grow. Merchandise exports posted over 8pc increase in August from a year ago, the Pakistan Bureau of Statistics said. In rupee terms, export proceeds rose 27.4pc in the second month of the current fiscal year, owing in significant part to the 17pc depreciation in the exchange rate since last year. The export proceeds rose to \$ 2.02 bn in July FY19 from \$ 1.86 bn over the corresponding month of last year. The monthly volume again crossed the psychological barrier of \$ 2 bn. The data came a day after remittances showed a 13.5pc increase from last year. Exports and remittances are the key foreign exchange earners for Pakistan's economy.

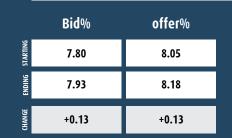
Pakistan, China Agree to Broaden CPEC Base

Pakistan and China recently agreed to formally invite "third-country" investors to be part of the \$60bn China-Pakistan Economic Corridor and add social sector and regional development schemes to the existing portfolio of CPEC projects. The understanding on addition of "two major dimensions" to the CPEC projects came about at a long meeting between the Planning, Development and Reforms Commission of Pakistan and the National Development and Reforms Commission (NDRC) of China. Sources said that Beijing wanted involvement in the upcoming special economic zones (SEZs) of countries friendly to both Pakistan and China because it wished to steer clear of adverse criticism, particularly from the US and India, about possibility of secretive deals that "remain beyond public eye". No country was specifically mentioned in this regard and Central Asian, European and

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

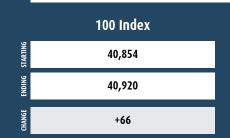
KIBOR (6 MONTHS)



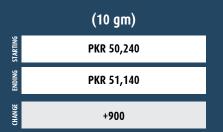
FOREIGN EXCHANGE RATES



PAKISTAN STOCK EXCHANGE









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other countries including Turkey, Russia and Saudi Arabia could invest in the nine SEZs proposed, said an official.

Information Sharing Commences

Pakistan has formally started sharing bank account details of non-residents on a reciprocal basis with 38 countries under the Multilateral Convention on Mutual Administrative Assistance in Tax Matters of the Organization for Economic Cooperation and Development (OECD); with effect from September 1, 2018. Ten countries will provide information on a non-reciprocal basis. Initially six month's account balance, from July 1, 2017 to December 31, 2017, will be shared which shall include interest payments and dividend and other income being credited to these accounts. Calendar year data will be shared with member countries from September 2019 onwards.

Maldives Market Awaits Pakistani Exporters

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) recently said the market of Maldives is awaiting exploration by Pakistani business community. The government of Maldives is tilted towards Pakistan and our quality products are in great demand there but lion's share goes to India and other regional countries, it said. Despite cordial relations, bilateral trade between Pakistan and Maldives, a country enjoying per capita income of 13,250 dollars is below the true potential due to many reasons. FPCCI said that Pakistan's rice, meat, poultry, fruits, vegetables, and cement are in great demand in the Maldives but the market has been captured by India and other regional countries.

Saudi Arabia, Pakistan Agree to Boost Trade Ties

Pakistan and Saudi Arabia have agreed to work out proposals for enhancing bilateral economic cooperation through identifying specific areas in trade and investment. An understanding to this effect was reached at the second meeting of Pak-Saudi Joint Working Group on Trade and Investment. The JWG was constituted in the 11th session of Pak-Saudi Joint Ministerial Commission held at Islamabad in January 2018. Secretary Commerce and Saudi Deputy Minister for Foreign Trade co-chaired the session. The Secretary invited Saudi government and private sector to invest in oil refining, petrochemicals and food processing industry in Pakistan. After official discussions, the Petroleum Division and leading private sector companies presented their project proposals. The follow up of first JWG meeting was also discussed to resolve non-tariff barriers, facilitating business visas, and logistic arrangements for Pakistan.

WEF Urges Countries to Emulate Pakistan's Plantation Drive

The World Economic Forum (WEF) has asked other countries to follow Pakistan's 10 billion tree plantation initiative. "The World Economic Forum has lauded our Sept 2 tree plantation drive and asked other countries to follow," Advisor to the PM on Climate Change said recently. The Plant4Pakistan campaign was launched on Sept 2 as part of which 1.5 million saplings were planted throughout the country in a single day. The PTI government plans to plant 10 billion saplings across the country during the next five years. The initiative follows the billion-plus tree plantation campaign in Khyber Pakhtunkhwa during the PTI government there in the last five years.

PM Wants Action Plan for 5 mn Houses

Prime Minister presided over a meeting to review progress on formulation of a roadmap for the construction of 5 million houses across the country and decided that the project would be monitored and implemented directly by the Prime Minister's Office. It was decided in the meeting that the prime minister would take the "ownership" of the initiative to ensure smooth implementation and remove any administrative bottlenecks, says an official announcement made by the PM Office. The PM directed the committee to finalize its recommendations regarding formulation of a comprehensive plan of action with delineated timelines within two weeks for early launching of the housing program.

Balochistan Eyes Foreign Investment

Balochistan Chief Minister has said that incentives will be offered for attracting foreign investment in all sectors of the provincial economy to create jobs for youths. The chief minister in a meeting with the Country Director of International Energy Company (IB Vogt) Murah Can recently, said that apart from providing incentives to both local and foreign investors, the provincial government will also ensure security and protection of the investment. The director of the energy company informed the chief minister that the company wants to install solar energy projects in Quetta and Lasbela.



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OGDC Discovers Oil, Gas in Kohat

Oil and Gas Development Company Ltd (OGDC), operator of the Chanda — development and production lease — with joint venture partners Government Holdings Private Ltd (GHPL) and Zaver Petroleum Corporation Ltd (ZPCL) has discovered crude oil and gas from its exploratory well Chanda No. 1, located in district Kohat, Khyber Pakhtunkhwa. In a filing with the PSX, the company stated that the structure of Chanda Well No.1 was tested during work over using OGDCL's in-house expertise and in collaboration GHPL and ZPCL teams. The well has tested 7,000 barrels per day of crude oil and 2.2 mn standard cubic feet per day of gas through 32/64² choke at well head flowing pressure of 1150-1200 Psi from Hangu and Lumshiwal formation.

Remittances Jump 13.5pc in July-August

Overseas Pakistanis sent around \$ 4 bn remittances during the first two months of this fiscal year, according to data released by the State Bank of Pakistan (SBP) recently. The total remittances increased 13.45pc to \$ 3.966 bn during the July-August period. The central bank said that during August. the inflow of workers' remittances amounted to \$ 2.037 bn, which is 5.6pc higher than July and 4.24pc higher than August 2017. Remittances are second most important contributor to the country's overall foreign exchange reserves after exports. During FY18, Pakistan's remittances were equal to total export earnings. Inflows from US saw a significant jump of 31.5pc, posting the highest increase during first two months of 2018-19 with total inflow at \$ 597 mn. The United Kingdom, also posted a 24pc jump in total inflows clocking in at \$ 556 mn during July-Aug period. Furthermore, amongst the Gulf states, inward remittances from the UAE swelled by 15.4pc reaching \$ 894 mn during the period under review. In addition to that, remittances from the EU also increased by 8.4pc with total inflows reaching \$ 124 mn compared to same period last year.

SNIPPETS

The Corporate Executive Board did a survey of Fortune 1,000 companies and found that 66pc of employees were dissatisfied with the performance reviews they got at work.

INTERNATIONAL ARENA

No Waiver to India for Iranian Oil

A senior US official has said that Washington is not offering waiver to any country from curbs on commercial deals with Iran and so far, the restriction applies to India as well, which is a major importer of oil from Iran. Alice G. Wells, Principal Deputy Assistant Secretary of State for South and Central Asia, said in a conference call with journalists that restrictions also apply to investments in Iran's Chahbahar port, a project built with India's cooperation. Ms. Wells – who was briefing journalists on the two-plus-two talks between the US and India, held in New Delhi said recently there was no "blanket waiver or country-specific waiver" from US sanctions on trading with or investing in Iran.

Mexico Auto Exports Rise

Mexican auto exports, excluding those from carmaker Nissan Motor Co Ltd, jumped in August, while auto production ticked up slightly, the country's automotive industry association AMIA said recently. Mexico produced 369,543 autos in August, an increase of 0.4pc compared with the same month last year, AMIA said. In total, 2,617,330 autos were produced in Latin America's No. 2 economy in the first eight months of the year, a rise of just 0.1pc from the same period of 2017, the data showed.

Brexit Deal 'Realistic' in Six to Eight Weeks

EU Brexit negotiator Michel Barnier said recently it was "realistic" to expect an agreement on a divorce deal with London within the next eight weeks, striking an optimistic note as the clock ticks down to Britain's departure from the bloc. British police chiefs have reportedly even drawn up contingency plans to deal with civil unrest in the event of Britain leaving the EU with no deal in place, citing fears of shortages of food and goods could lead to disorder.

No Progress in EU-US Trade Talks

Top trade officials from the US and EU met recently to begin efforts to turn a much heralded deal to avert a trade war into a concrete long-term agreement. After the meeting, EU trade commissioner said she would meet US Trade Representative again by the end of the month. But neither side announced any immediate breakthrough. The two



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sides discussed how to move forward and identify priorities on both sides, and how to achieve concrete results in the short to medium term. The negotiators' cautious response to this first chance to `operationalize' plans for a limited trans-Atlantic trade pact came in stark contrast to the enthusiasm surrounding its birth.

China Promises Retaliation to US Tariffs

China promised retaliation if USA escalates their tariff battle, raising the risk Beijing might target operations of American companies as it runs out of imports for penalties. The threat came after Trump said he was considering extending penalties to an additional \$ 267 bn of Chinese products in their battle over Beijing's technology policy. That would be on top of \$ 50 bn of goods already hit by 25pc duties and another \$ 200 bn on which Washington is poised to raise tariffs.

"If the United States insists on imposing another round of tariffs on Chinese products, China will definitely take countermeasures to safeguard its legitimate rights and interests," foreign ministry spokesman said. He gave no details, but the government said in June it would impose unspecified `comprehensive measures' if necessary. That left American companies on edge about whether Beijing might use its control over the heavily regulated economy to disrupt their operations by withholding licenses or launching tax, anti- monopoly or other investigations.

Trump Poised to Tax Chinese Imports

The Trump administration may be about to slap tariffs of up to 25pc on an additional \$ 200 bn in Chinese goods, escalating a confrontation between the world's two biggest economies and likely squeezing US companies that import everything from handbags to bicycle tyres. The administration could decide to begin taxing the imports equal to nearly 40pc of all the goods China sold the United States last year after a public comment period ends. China said it is ready to impose retaliatory tariffs on \$ 60 bn worth of US goods if that happens.

MANAGEMENT & INFOTECH CORNER

After Mice, Worms are Now Being Sent to Space

NASA has sent 20 mice to space for research. The scientists believe that this project will provide more knowledge about muscle loss in space, leading to developing effective therapies and innovative treatments for muscular dystrophies. The research will also enhance knowledge regarding ageing muscle loss and enhance diabetes' treatment, wrote Phys.org. Hundreds of 'Caenorhabditis elegans' worms will be heading to the International Space Station as a part of UK Space Agency's 'Molecular Muscle Experiment'. This experiment, the first ever UK-led to take place on the ISS, is aimed to provide better understanding of how spaceflight contributes to muscle loss.

Freelancers, Stop Under Pricing Work

The dangers of overpricing your work are obvious: You can lose the deal and scare clients away. But charging low prices can signal low quality, making clients hesitant to work with you. To be sure you are not underselling yourself, develop a network of trusted peers who can provide honest information about going rates. Once you have a sense of what your price should be practice saying it out loud. Quoting a fee to a client can be nerve-racking, especially if it is a rate increase, but rehearsing it will make you more confident. Then test the market demand for your new rate and adjust accordingly. Increase your price steadily and incrementally until you feel vou are earning what you deserve. If you start asking for a rate that clients resist, consider freezing or reducing your rate until you have built up other income streams or increased your reputation. Asking for what you deserve gets you not only more money but also more respect. (Adapted from *Why* You Should Charge Clients More Than You Think You're Worth, by Dorie Clark-HBR.)

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

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