

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 38 | Date: September 19, 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 September 7, 2018, deposits of all scheduled banks stood at Rs. 12,501.539 bn after a decrease of 1.50 pc over the preceding week's figure of Rs. 12,691.719 bn.

#### Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,385.152 bn, less by 0.55pc over the preceding week's figure of Rs. 7,426.183 bn.

#### Investments Brief

Investments of all scheduled banks stood at Rs. 6,910.205 bn against preceding week's figure of Rs. 6,893.481 bn, higher by 0.24pc.

### **New BoI chairman**

The federal cabinet recently approved the appointment of Haroon Sharif as chairman Board of Investment (BoI) – a one window facility under the Prime Minister's Office for promotion of local and foreign direct investment. BoI is required to assist local and international investors and helps them build joint ventures in the country. The new chairman is a well-known global expert of economic policy, international development, economic diplomacy and financial markets who worked as the Regional Advisor to the World Bank Group for promoting economic cooperation in South and Central Asia and was involved in the execution of CASA-1000 and Islamabad-Kabul-Dushanbe Expressway.

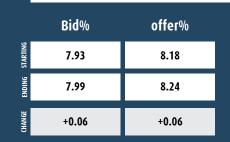
### **FDI** in July-August

Total FDI amounted to \$ 288 mn during July-August FY18, according to the data released by State Bank recently. China continues to occupy the position of top investor in the country. During the period under review, Chinese investments amounted to \$ 170.6 mn. Chinese investments, concentrated in the power sector amounted to \$ 43.3 mn. Chinese share in the total investment during the first two months of FY18 clocked in at 59pc. Unlike last year when power sector was the top recipient of foreign investment, this year, the construction sector emerged as the most attractive sector for FDI during the first two months of FY18. The investment in construction sector almost doubled from the previous year as it increased to \$ 105.6 mn up from \$ 55.6 mn.

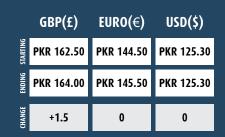
**MARKETS AT A GLANCE** 

Rates are taken till Wednesday\* 5:00 pm —

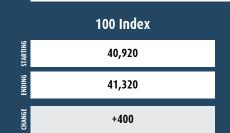
### KIBOR (6 MONTHS)



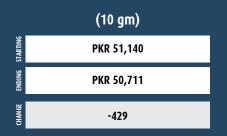
### FOREIGN EXCHANGE RATES



### PAKISTAN STOCK EXCHANGE







\* Due to Ashura holidays



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### **Mari Discovers Oil in Balochistan**

Mari Petroleum Company Ltd (MPCL) has made the first-ever oil discovery in Chiltan and Moro/Mughal Kot Formations in Balochistan. The company informed the PSX recently that the Ziarat Joint Venture had made a new oil discovery well Bolan East-1 in Ziarat Block, near Mach City in Kachhi district of Balochistan. MPCL is the operator with 60pc working interest while Pakistan Petroleum Ltd (Europe) holds 40pc stake in the joint venture. The company further observed in regard to the oil discovery that the well was successfully drilled down to the depth of 1,500 meters, with the objectives to test the hydrocarbon potential of Dunghanj, Moro/Moghul Kot and Chiltan Formations.

### **Chinese Firm to Refurbish Mangla**

A Chinese company has been awarded a contract of Rs. 1.68 bn for Mangla Refurbishment Project (Package-9) by Water and Power Development Authority (WAPDA). A contract was signed between the two companies. WAPDA is implementing Mangla Refurbishment Project with an approved PC-I cost of Rs. 52.224 bn. The project, on its completion, will enhance generation capacity of the existing Mangla Hydel Power Station from 1,000 megawatt (MW) to 1,310MW, thus registering an increase of 310MW.

### HIGHLIGHTS

- The Cotton Crop Assessment Committee revises cotton production estimates to Rs. 10.847 mn bales of 170 kg each for this season.
- The SBP rejects all rumors regarding discontinuing the Rs. 5,000 banknote, said a press release issued by SBP.
- Pakistan's total fish production continues to hover around 650,000 tonnes a year, with 400,000 tonnes coming from marine sources and 250,000 tonnes from inland fishing.

### **INTERNATIONAL ARENA**

### **Oil Market is Too Tight for US**

The US will find it difficult to cut Iran's oil exports completely as the oil market is already tight and rival producers cannot make up the shortfall, a top Iranian official said recently. Washington is seeking to cut Iranian oil exports to zero by November as it reimposes sanctions, and is encouraging other producers such as Saudi Arabia, other OPEC members and Russia to pump more to meet the shortfall. Even so, the expected loss of Iranian oil, declining supply from another OPEC member Venezuela and other outages are boosting crude prices, which this week hit \$ 80 a barrel, the highest since May.

### **UK Will Extend GSP+Incentives to Pakistan Post**

Pakistan needs to foster an enabling environment for business and trade and must explore sectors including financial services and agriculture to boost its exports to the United Kingdom, said UK's trade envoy recently. The purpose of his latest visit aligns with UK's move to leave the European Union and holding on to old trading partners including Pakistan for future business post-Brexit. UK is committed to maintaining the same levels of preferential access Pakistan receives under the EU's scheme. It is important that Pakistan continues to make progress on its international obligations to retain its EU GSP+ status. The GSP Plus trade arrangement will continue with Pakistan post-Brexit and legislation in this regard has come into force last week. UK, world's fifth largest economy, offers numerous opportunities for Pakistan's exporters. According to official data released by the UK government, bilateral trade between the two countries increased to £ 2.9 bn in 2017. The UK is the largest destination for Pakistan's exports, next to Europe. It is also Pakistan's third largest source of foreign direct investment.

### WTO Reform 'Urgent' as New US Tariffs Loom: G20 Trade Ministers

Trade and investment ministers from G20 countries meeting in Argentina said there was an "urgent need" to improve the World Trade Organization, a joint statement said recently. With US readying tariffs on another \$ 200 bn on Chinese goods, the ministers said they were "stepping up the dialogue" on international trade disputes, according to the statement issued at the summit. It did not provide any details



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of possible WTO reforms or how dialogue on trade was being increased. Obviously the new tariff measures are not positive. German Economy Minister said the joint declaration sent a powerful signal about the importance of strengthening WTO "especially in times of 'America first' and increasing global protectionism," with next steps to follow when G20 leaders meet in Argentina at the end of November.

### **Oil Prices Leaves Riyadh in a Tight Spot**

The oil kingdom is back in the saddle. If recent news reports are to be believed, the Saudi role in the oil market is growing. In a bid to meet US President's insistence on cooling the oil markets, Riyadh is striving to keep oil markets on a tight leash. Early this year, Saudi Arabia was reportedly aiming at \$ 80 a barrel mark so as to bridge its fiscal deficit and achieve the \$ 2 tr price tag for its oil giant Saudi Aramco. However, things went awry, when US President intervened, insisting upon the Organization of Petroleum Exporting Countries (OPEC) to bring down the crude prices.

### Pakistan, India Have Driven Global Sugar Glut

The policies of Pakistan and India have contributed to a global glut in the world's sugar market, Australia's Minister for Trade told recently. "It is clear that export subsidies introduced recently by the Indian and Pakistan governments have contributed to a growing glut on global markets," the Minister said. Canberra has expressed its concerns to the Indian and Pakistani governments at the highest levels in the clearest possible terms. Raw sugar futures in New York slumped to a 10-year low of 9.91 cents on Aug. 22 as India and Pakistan both moved ahead with price subsidies to boost local production. India, which is expected to surpass Brazil and become the world's largest sugar exporter this year, in May approved a subsidy of 55 Indian rupees (\$ 0.7623) per tonne of cane sold. Pakistan, whose sugar production has increased in recent years, in January guadrupled the volume of sugar eligible for export subsidies to 2 mn tonnes to reduce excessive domestic supplies.

### **'Crucial Period' for Oil as Iran Exports Shrink**

Global oil output hit a record of 100 mn barrels per day in August, but the market may tighten and prices rise as exports from Iran and Venezuela decline, the International Energy Agency (IEA) said recently. "We are entering a very crucial period for the oil market," the IEA said in its latest monthly report. "Things are tightening up." The global record came as output from the Organization of the Petroleum Exporting Countries (OPEC) rose to a nine-month high of over 32 mn barrels per day. The cartel had agreed in Vienna in June to push up production in order to put a cap on soaring prices.

### **Turkey Central Bank Surprises Markets**

Turkey's central bank surprised markets with a bigger than expected rate hike to battle soaring inflation and boost the lira, prompting the embattled currency to surge in value. Turkey has in recent weeks been battling through one of the most troubled periods for its economy with the lira battered on currency markets in August. The Turkish central bank recently hiked the one week repo auction rate 625 basis points from 17.75pc to 24pc, significantly higher than the Bloomberg consensus of 21pc. The lira reacted strongly to the decision, rising by 5pc in value to 6.0 lira to the US dollar. It later shed some of those gains but was still up over 2.7 pc in value at 6.15 to the dollar.

### **SNIPPETS**

### **Mobile Apps Targeted**

The cost of hacks into mobile apps is predicted to reach \$ 1.5 bn by 2021, according to research from the firm Intertrust.

### **Millions Have Diabetes**

According to recent statistics, 437 mn people around the world have type 1 or type 2 diabetes.

### Self-employed in the US

According to the US General Accounting Office, about 40pc of American workers are "contingent workers," or non-salaried employees who work part time, as independent contractors, freelancers or are self-employed.



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### MANAGEMENT & INFOTECH CORNER

### **Mehran's 30-Year Journey to End Next April**

The 30 year-old journey of the iconic locally assembled Suzuki Mehran 800cc will come to an end from April 2019. Pak Suzuki Motor Company Limited (PSMCL) recently announced the discontinuation of Mehran SB-308 VXR model but did not disclose anything about its replacement. However, market was already abuzz with reports that Alto 660cc will take over Mehran. In July this year, the company had announced closing down of Mehran VX model production from end of November due to its thin demand as compared to the hot selling Mehran VXR.

### "I had a Life once... Now I have a computer and a modem."

### **Create Positive Workplace Policies**

Too many workplace policies emphasize what employees should not do. But overly paternal and punitive rules do not communicate that you have confidence in your people and trust them to behave as adults. When drafting personnel policies, focus on conveying the company's positive expectations of its employees. In your policy about when the workday starts, for example, state that you expect employees to show up on time do not go into detail about what 'tardy' and 'absent' mean. If your organization has a dress code, keep it as simple as you can 'Dress appropriately,' perhaps and leave managers to provide more guidance to those who need it. And a code of conduct does not have to get complicated a good starting point is 'Everyone is expected to act in the best interest of the organization and their fellow employees.' Stress to your employees what you want them to aspire to, not what will happen if they fail.

(Adapted from *The High Price of Overly Prescriptive HR Policies*, by Sue Bingham-HBR.)

### **Disloyal Consumers**

About 71pc of consumers say that companies' loyalty programs do not make them loyal at all, according to research from Kantar Retail.

### **Overqualified for a Job?**

It might seem easy to get a job for which you have all the right credentials, but many managers hesitate to hire someone who seems too good for the role. So go out of your way to counter any assumptions the hiring manager may have.

— For example, they might think that you will be too expensive, so you could say up front, "I'm open to talking about salary and willing to work within the pay range for this position."

— The manager could also be worried that you will not stay in the position long. Address this concern by expressing your excitement about the company and pointing out your previous long-term experiences as examples of your commitment and loyalty.

(Adapted from *How to Apply for a Job You're Overqualified For*, by Rebecca Knight-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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