

a weekly publication of The Institute of Bankers Pakistan

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Volume 13, Issue No. 44 | Date: November 2, 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 October 19, 2018, deposits of all scheduled banks stood at Rs. 12,612.464 bn, less by 0.13pc, over the preceding week's figure of Rs. 12,629.848 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 7,508.842 bn higher by 0.09pc over the preceding week's figure of Rs. 7,501.474 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 5,960.647 bn against preceding week's figure of Rs. 5,920.490 bn, higher by 0.68pc.

Assets Notebook

Total Assets of all scheduled banks amounted to Rs. 16,603.217 bn against previous week's figure of Rs. 16,549.799 bn, higher by 0.32pc.

Big Data Key to Digitizing Economy

Data sharing and analytics play a key role in identifying tax evaders and broadening the tax base, said Federal Board of Revenue (FBR) Chairman recently. He was speaking at the First Information and Communication Technology (ICT) Workshop organized by the FBR in collaboration with the World Bank. He suggested aligning big data and data sciences through integration to broaden the tax base and help identify tax evaders. He also called for integration and sharing of data possessed by various departments — currently being used for their own purposes — onto a single platform.

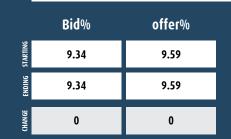
PIA, Steel Mills Not to Be Privatised, Says Govt.

The Board of Privatisation Commission recently decided to exclude some entities from the list of entities on the privatization agenda — including Pakistan International Airlines (PIA) and Pakistan Steel Mills (PSM). The final list of 34 public sector entities — excluding the national flag carrier, Steel Mills and some other state-owned entities (SOEs) — would be presented to the Cabinet Committee on Privatisation (CCOP) shortly. The meeting, presided by Chairman Privatisation Commission, conducted a thorough review of the privatisation program and finalized the list. According to sources, the government has decided to exclude PIA, PSM, Pakistan Railways and power distribution companies from the privatisation agenda. The government will begin the privatisation program with small entities including small and medium enterprises (SMEs), First Women Bank and National Insurance Company.

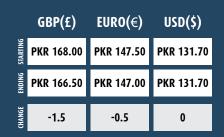
MARKETS AT A GLANCE Rates are taken till Friday 5:00 pm

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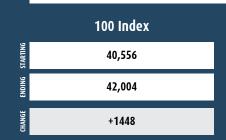
KIBOR (6 MONTHS)



FOREIGN EXCHANGE RATES



PAKISTAN STOCK EXCHANGE



GOLD RATE





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Refineries Told to Reduce Harmful Fuel Additive

The government stood firm to enforce the manganese phase-out plan and ordered refineries to reduce its content to 24 mg per liter of petrol within two days as the Oil and Gas Regulatory Authority (OGRA) disowned its member seeking an extension. It has concluded that refineries will have to reduce manganese content in petrol to 24 mg per liter forthwith as originally decided in April this year without any delay, notwithstanding some initial reduction in petrol production.

Pakistan's 'Doing Business' Ranking

Pakistan has improved its ranking by 11 points, moving from 147th to 136th position in the 'Doing Business Report: Training for Reform 2019' published by the World Bank recently. In resolving insolvency, Pakistan made it easier by introducing the reorganization procedure and improving continuation of the debtors' business during insolvency proceedings. These reforms have been introduced in Punjab as well as Sindh.

Chinese Support Sought

Pakistan seeks an integrated economic package from China envisaging financial support, increase in trade and investment and cooperation in agricultural research. The country will also go ahead with an arrangement with the IMF among various other funding avenues, the finance minister said in a conference.

Saudi Package for Pakistan

Saudi Arabia steps forward with a \$ 6 bn bailout package for Pakistan, which includes \$3 bn balance of payments support and another \$3bn in deferred payments support on oil imports.

Naya Pakistan Housing

The registration process for the PTI government's Naya Pakistan Housing Programme kicks-off drawing a massive public response.

Oil Imports

Out of its total crude oil imports of about 3,50,000 barrels per day, Pakistan normally imports about 110,000 barrels per day from Saudi Arabia. Pakistan's oil import bill amounted to \$ 14.5 bn in 2017-2018.

Banana Peels

Banana grows mostly in Sindh, which meets Pakistan's 90pc consumption. According to the Ministry of National Food Security and Research, banana was cultivated on 26,300 hectares in Sindh in 2014-15. Its countrywide cultivation in the same year was on 28,200 ha. As per figures released by Sindh's agriculture department, banana grew on 28,200 ha in the province in 2017-18. Its production was 109,472 tonnes in the same year. Banana is a 16-18 month crop, which is usually in full swing in September-October. Prices remained on the lower side until recently because of larger supplies. But they started going up when supplies dwindled. The rate began rising at the end of October. Depending on the size of the crop, its production continues throughout the year. (A hectare is equal to 2.471 acres).

SNIPPETS

A Healthy Office

In a study from human resources firm Future Workplace, 78pc of workers say that having access to natural light enhances their well-being.

New heights for AI

Artificial intelligence is poised to generate an additional \$13 tr for the global economy by 2030, according to the McKinsey Global Institute.

Boardroom Space

According to a report from Deloitte, women are appointed to just 15pc of all corporate board seats worldwide.



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INTERNATIONAL ARENA

Brexit: EU Steps Up No-deal Planning as Talks Deadlocked

The EU has stepped up planning for a no-deal Brexit as time runs out for stalled negotiations that could see the UK crash out of the bloc without an agreement. There have been no signs of progress in Brussels since the meeting of the European Council a fortnight ago, when the EU's 27 leaders scrapped plans for a November summit to finalize a deal, stating that not enough progress had been made. With the original October deadline for a deal now officially in the past, officials behind the scenes still remain hopeful that a withdrawal agreement can be struck – though there are few clues to how or when.

US Consumer Confidence at 18-Year High; House Price Gains Slow

US consumer confidence rose to an 18-year high in October, driven largely by a robust labor market, bolstering expectations that strong economic growth would continue through early 2019. But a weakening housing market and tightening financial market conditions are casting a shadow on the economic expansion that is in its ninth year, the second longest on record. Home price gains slowed further in August, other data showed, another sign that higher mortgage rates were weighing on housing demand. "We don't know how long this is going to hold up, but the consumer is bullish on the outlook and this means the economy is going to continue to advance in this long economic expansion from the last recession," said Chris Rupkey, chief economist at MUFG in New York.

Merkel Urges Companies to Switch Focus From Asia To Africa

Chancellor Angela Merkel recently urged companies to take a closer look at Africa's "huge" economic opportunities, as Germany hopes that development of the continent will help curb illegal migration to Europe. "For many years we have been very focused on Asia. I think that in future we should turn our sights more on Africa," Merkel said at an investment forum in Berlin, stressing Africa's "huge potential for growth". The gathering, attended by leaders from around a dozen African countries, is part of Merkel's so-called "Compact with Africa" initiative launched last year during Germany's stint as G20 president. The ambitious scheme aims to help African countries attract private investment along with technical and financial assistance, in return for reforms that improve the business climate, such as fighting corruption or improving rule of law.

Big Player Default Triggers Crisis in Shadow Banking Sector

The real estate and infrastructure sectors in India face major funding challenges over the coming months, with the country's 'shadow banking' segment itself facing a huge crisis. The latest incident coincides with the tenth anniversary of the collapse of Lehman Brothers in the US which triggered the global financial crisis in 2008 — and is a warning to the massive exposure of the infrastructure and real estate sectors to shadow banking in India.The crisis in the shadow banking sector was triggered by Infrastructure Leasing and Finance Services (IL&FS), part of the IL&FS group, defaulting on repayment of loans to lenders thereby triggering panic in the markets and in the infrastructure sector in the country. Not surprisingly, after the unravelling of the IL&FS crisis, the real estate stock index has plunged by more than 25pc.

Greek Debt Crisis Will Not Repeat Itself In Italy, Says Austria Finance Minister

The Greek sovereign debt crisis will not repeat itself in Italy, Austrian Finance Minister Hartwig Loeger said in remarks published recently. "The Italian economy has more substance than the Greek," Loeger told the Handelsblatt newspaper. "And in Italy there have at least been some structural reforms, as opposed to Greece in the past. As such the Greek debt crisis will not repeat itself in Italy."



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MANAGEMENT & INFOTECH CORNER

After 'Historic' Quarter, Tesla Looks to Europe, China

Electric car maker Tesla reported an "historic" guarterly profit driven by demand for its mass market Model 3, as the company looks beyond its US home base to Europe and China. Tesla chief executive said he expects the company to stay profitable from this point forward, and appeared to calm fears about his behavior, company debt, and snags ramping up production line efficiency. Musk said he expected Tesla to make even more Model 3 vehicles in the current guarter, and to begin delivering the cars in Europe and China early next year. Tesla said net income reached \$311.5 mn on revenue that more than doubled year-on-year to \$6.8 bn in the guarter that ended September 30. The earnings beat Wall Street expectations that Tesla would take in less money in the guarter and log another loss. Tesla, Inc. is an American automotive and energy company based in Palo Alto, California. The company specializes in electric car manufacturing and, through its Solar City subsidiary, solar panel manufacturing.

Soviet Era Moon Fragments Could Reach \$1 mn at Auction

Wealthy space buffs will have the chance to own three small particles of lunar matter when, what Sotheby's describes as the only known documented 'moon rocks' to be legally, available for private ownership hit the auction block in November. Sotheby's said it expects the fragments, retrieved from the moon by a Soviet space mission in 1970, could fetch between \$700,000 to \$1 mn at the Nov 29 auction in New York. The pieces a basalt fragment, similar to most of the Earth's volcanic rock, and bits of surface debris known as regolith are being sold by an unidentified private American collector who purchased them in 1993. Sotheby's said in a statement they were first sold in 1993 by Nina Ivanovna Koroleva, the widow of former Soviet space program director Korolev.

When Starting a New Job, Lay the Groundwork for Your Success

If you want to excel in a new job, you cannot rely on the orientations and meetings that HR sets up for you. Take control of your on-boarding by cultivating connections up, down and across the organization. Figure out who the influencers are in relation to your role, and get to know them face to face. And do not make the common mistake of assuming you know what your top goals should be and how best to communicate with your new manager. Ask your boss questions to better understand how you will be evaluated and to identify potential early wins: "How do you prefer to give and receive feedback and be kept informed?" and "What should I accomplish in the next six months?" Keep in mind that the goal is not to become a hero by tackling the biggest problem right away. Instead, go after something that can be achieved quickly and that delivers operational or financial results.

(Adapted from *Starting a New Job? Take Control of Your Onboarding,* by Susan Peppercorn-HBR.)

Fair Managers Explain How They Make Decisions

Most managers dedicate significant amounts of time and energy to ensuring they are being fair. But it is inevitable that some outcomes will be perceived as fair by some and unfair by others. Do not assume your decisions will speak for themselves: Be transparent about how and why you made the call. For example, if you want an equitable promotions process, with certain competencies or styles counting more than others, make your intentions known to the team. If you want an equal sharing of bonuses, to reinforce the importance of every employee, be up-front about it. Remember, as the manager, you have the discretion to make those calls. And if someone accuses you of being unfair, don't beat yourself up. As long as you have thought carefully about what the business needs, and made your decision as objectively as possible, you have done your job. You will always have an opportunity to restore balance with the next decision.

(Adapted from *How to Earn a Reputation as a Fair Manager,* by Liane Davey-HBR.)

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