



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

Volume 13, Issue No. 45 | Date: November 9, 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 26, 2018, deposits of all scheduled banks stood at Rs. 12,666.020 bn, higher by 0.42pc, over the preceding week's figure of Rs. 12,612.464 bn.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs.7,533.968 bn higher by 0.33pc over the preceding week's figure of Rs.7,508.842 bn.

Investments Brief

Investments of all scheduled banks stood at Rs. 5,525.271 bn against preceding week's figure of Rs. 5,960.647 bn, lower by 7.30pc.

Assets Notebook

Total Assets of all scheduled banks amounted to Rs 16,575.363 bn against previous week's figure of Rs 16,603.217 bn, less by 0.16pc.

Pakistan's Balance of Payments Crisis Eases

Minister for Finance Asad Umar recently proclaimed that Pakistan has overcome an "immediate balance of payments crisis". "Saudi Arabia is supporting Pakistan with \$6 bn whereas exports are also likely to witness a big jump during this year; therefore, it is hoped that Pakistan would be able to overcome the balance of payment issue once for all," the minister said.

Cement Sales Grow 5.3pc in July - October

Overall despatches of the cement sector during first four months of current fiscal year went up by 5.37pc to 15.353 mn tonnes, according to latest data released by All Pakistan Cement Manufacturers Association (APCMA). The growth was led primarily led by exports which went up by 39pc followed by a relatively marginal uptick of 0.82pc in local demand. The sector, divided into north and south regions, has seen its profitability decline due to rising input costs: surge in international coal prices, rupee depreciation and higher fixed costs. According to APCMA spokesperson, manufacturers' profitability dropped by 42pc during the first quarter.

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	9.34	9.59
ENDING	9.64	9.89
CHANGE	+0.3	+0.3

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 166.50	PKR 147.00	PKR 131.70
ENDING	PKR 167.50	PKR 147.50	PKR 132.30
CHANGE	+1	+0.5	+0.6

PAKISTAN STOCK EXCHANGE

100 Index

STARTING	42,004
ENDING	41,388
CHANGE	-616

GOLD RATE

(10 gm)

STARTING	PKR 51,907
ENDING	PKR 51,826
CHANGE	-81



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ECC Allows Import of 50,000 Tonnes Of Urea

The ECC allowed import of 50,000 tonnes of urea fertilizer following a proposal from the Ministry of National Food Security and Research (MNFS & R). The Committee authorized Adviser to the Prime Minister on Commerce and Industries Abdul Razak Dawood to allow additional import of 50,000 tonnes of urea, if required.

Air Passenger Traffic in Pakistan to Be Doubled in 20 Years

Passenger traffic in Pakistan is predicted to almost double in next 20 years with a growth rate of over 4.9pc per annum. This prediction was given by Airbus Global Market forecast in an Airline Lab Seminar organized by Airbus at Islamabad. As per the Airbus Global Market forecast, passenger traffic in Pakistan is expected to almost double in next 20 years with a growth rate of over 4.9pc per year, which raises a demand of 250 passenger aircraft to serve Pakistan's market by 2037. Moreover, the seminar highlighted the importance of civil aviation for economic growth, and delegates benefited from research into the latest industry trends and gained a broad overview of global developments and best-practices.

No Evidence of Banks Data Being Hacked: SBP

The State Bank of Pakistan (SBP) has categorically rejected reports of data hacking of most of Pakistani banks and said that it is closely monitoring the current situation to ensure security of the banking system. According to a statement issued on Tuesday night, a number of reports are circulating that the data of most banks has been hacked by the international hackers and it is on sale, however being a regulator of the banks, the SBP has categorically rejected such reports. "There is no evidence of data hacking nor has this information been provided to state bank by any bank or law enforcement agency", it said and added that except for the incident of October 27th, 2018 in which reportedly the IT security of one of the bank was compromised, no breach has been reported. SBP said that it has already instructed all banks to take steps to identify and counter any cyber threat to their systems in coordination with international payment schemes.

Deposit Protection Mechanism for Ibis

Following the cyber-attack on an Islamic Bank, the SBP has formed a Shariah-compliant deposit protection mechanism for Islamic banking institutions. The State Bank of Pakistan has informed the executives of Islamic banking institutions (IBIs) that this deposit protection mechanism will perform as a subsidiary of SBP. Its objective is to protect depositors and compensate them to the extent of their protected deposits in the event of failure of a member bank, said the SBP. A Shariah-compliant mechanism of deposit protection with respect to Islamic banking, duly approved by SBP's Shariah Advisory Committee, is provided under the scope of Deposit Protection Waqf.

SNIPPETS

Einstein's 'Miracle Year'

Scientists call 1905 Albert Einstein's "miracle year" because it was the year in which he discovered relativity, wrote the equation $E=mc^2$, won the Nobel Prize for physics with a paper on the photoelectric effect, and published a paper on the Brownian motion.

An Office Where Everybody Knows Your Name

Research from multinational PGI shows that 71pc of American millennials want their work colleagues to be like a second family.

Downturn in Sweden

In the past four years, one-quarter of bank branches in Sweden have closed down, according to estimates based on figures from the Swedish Bankers' Association.



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INTERNATIONAL ARENA

Brussels Backs Efforts To Save EU Digital Tax Proposal

The European Commission recently urged backers of an EU-wide tax on high-tech giants to keep pushing the proposal, which has stalled due to opposition from Ireland and Nordic countries. France, backed by EU-presidency holder Austria, has been urging European Union partners to impose a new tax to ensure that global tech platforms like Facebook and Google pay their fair share. Paris argues the measure would be a vote-winning accomplishment for mainstream EU politicians before the European Parliament elections next May, in which anti-Brussels populists could do well. "When it comes to taxation you need to push to make it happen. For me personally it's a very important proposal," European Competition Commissioner Margrethe Vestager told a news conference at the Web Summit, an annual tech gathering, in Lisbon.

High-Flying Women Are Closing the Pay Gap With Men

High-flying women are catching up with men when it comes to executive pay but are still woefully under-represented at the top of the working world, a pay comparison firm said recently. The gap between what executive men and women earn fell sharply in Britain and the United States after a global focus on gender bias in the workplace forced new laws to address the gaping imbalance, said executive wage comparison website The Pay Index. The British pay gap almost halved, while the gender divide in US salaries narrowed still further. There has been growing debate worldwide over entrenched gender bias in the workplace, with women questioning why they still earn less and progress slower than male colleagues. The scrutiny appears to have led to action, according to The Pay Index, which analysed data from more than 6,000 users in Britain and the United States who were earning \$100,000-plus.

Russia Seeks To Dump Dollar As New US Sanctions Loom

Moscow is intensifying efforts to wean its economy off the dollar as Washington considers tough new sanctions that could deny Russia access to foreign debt markets and cut its banks from the greenback. President Vladimir Putin has

repeatedly slammed the dollar's dominance on the world's stage but the country's previous efforts to de-dollarise its economy have so far had little success. But with Russian business circles fearing a new round of US measures over Moscow's alleged international aggression and Washington's trade policies becoming ever more unpredictable, authorities have now made concrete steps towards their long-standing goal. Russia's finance ministry and the central bank are soon expected to present measures to increase the use of other currencies in international trade to Prime Minister Dmitry Medvedev.

EU-Japan To Form Largest Free Trade Area

European Union and Japanese plans to form the world's largest free trade area cleared a significant hurdle recently when EU lawmakers specializing in trade backed a deal that could enter force next year. The European Parliament's international trade committee voted 25 in favor to 10 against to clear the deal for a final vote in the parliament's full chamber set for December 13. An agreement would bind two economies accounting for about a third of global gross domestic product and also signal their rejection of protectionism.

Venezuela To Bring Back \$550 mn of Gold From Britain

Venezuela is seeking to repatriate about \$550 mn in gold bars from the Bank of England because of fears it could be caught up in international sanctions on the country, two sources with direct knowledge of the effort revealed. Venezuela's hard currency holdings have dwindled as existing US financial sanctions have effectively blocked President Nicolas Maduro's government from borrowing on international markets.

Xi Promises Lower Tariffs, More Imports

China will lower import tariffs and continue to broaden market access, President Xi Jinping pledged recently, raising his estimate for the country's imports in the coming years at the opening of a symbolic week-long trade expo in Shanghai. The Nov. 5-10 China International Import Expo, or CIIE, brings thousands of foreign companies together with Chinese buyers in a bid to demonstrate the importing potential of the world's second biggest economy even as China remains embroiled in a trade row with the United States.



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MANAGEMENT & INFOTECH CORNER

Bitcoin Volatility Sinks to Lowest in Nearly 2 Years

Bitcoin has experienced one of its worst annual price performances of its short 10-year-old life but also appears to have become more stable in the process. Volatility of the original and biggest cryptocurrency has sunk to its lowest for nearly two years, with price swings falling lower than increasingly edgy US stocks for more than two weeks in a row. Measured on a weekly basis, bitcoin volatility is set to fall to its lowest since the end of 2016, when the digital coin was still a niche asset yet to muscle its way into global focus. Volatility has been a major characteristic of the digital currency, which turned 10-years-old last week, throwing up major hurdles to its emergence as a mainstream asset class.

If a Career Change Would Reduce Your Salary, Try Living On That Salary First

When it comes to a major career change, pay is often a sticking point. Can you afford to switch jobs if you would be making less money? Eliminate some of the uncertainty by testing out your new salary. Figure out what you expect to earn, and live on that for two to four months. This will give you a realistic picture of daily life in your new career. If you would be making significantly less money, think hard about what you could cut back on — meals out, expensive groceries, or TV subscriptions, for example. At the end of your test, revisit your budget to see how you did. And, of course, check in with your spouse, partner or other family members to discuss the financial implications of your career change. Setting expectations for what you will, and would not, be able to afford will leave less room for surprises.

(Adapted from Harvard Business Review's *HBR Guide to Changing Your Career*.)

How to Email Someone You Have Lost Touch With

When you really need a favor from someone you have not talked to for a while, reaching out can be awkward. Re-break the ice by sending them an email with a clear subject line, like "Reconnecting." Early in the body of your email, acknowledge that some time has passed since you last spoke, and briefly update them on what you have been doing professionally. This will provide useful context for your request. Then let them know what kind of help you need. You want to sound friendly and confident that your request is something they will want to say yes to. But give them an easy way to say no, and offer to return the favor either way: "I'm sure you're really busy, so thanks in advance for considering it. Please let me know how I can be helpful to you, either now or in the future." And then stay in touch — that way it will not be awkward the next time you want to say hello.

(Adapted from *How to Email Someone You Haven't Talked to in Forever*, by Rebecca Zucker-HBR.)

Second Amazon HQ: A Tale of Two Cities

Amazon is planning to split its coveted second headquarters between two US cities rather than pack it into a single urban setting, US media reported. The company is close to reaching a deal to place the split second headquarters in two areas: the Long Island City neighborhood of Queens in New York and the Crystal City area of Arlington, Virginia, The New York Times reported, citing anonymous sources. The Wall Street Journal cited an anonymous source as saying that Amazon decided that dividing its second headquarters between two locations would spread the economic benefits as well as burdens — such as pressure on housing and transportation. Amazon also reportedly felt that a split would expand the pool of computer engineering talent available for jobs.

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