



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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Volume 14, Issue No. 46 | Date: November 15, 2019

A Company Set Up Under Section 42 of the Companies Act, 2017

PAKISTAN OVERVIEW

With Stability Returning, Hafeez Speaks of Massive Stimulus for Exports, Construction

Following an encouraging review by the International Monetary Fund (IMF), the government recently announced an economic stimulus to selective sectors particularly construction, exports and pledged to surpass the 2.4 pc growth target set for the current fiscal year. Adviser to Prime Minister on Finance and Revenue Affairs Dr. Abdul Hafeez Shaikh told a news conference that the IMF mission had recently made a big endorsement of government's performance in terms of achieving key targets with big margins and recommended disbursement of \$450 mn. "This is a good signal to the world that there is fiscal discipline and economy is reviving", he said after a meeting with PM Imran Khan. Likewise, the World Bank president also appreciated the performance in power sector, the policies and performance of the government, the State Bank of Pakistan (SBP) and the Federal Board of Revenue (FBR).

Banking Brief

Bank Deposits – As on November 8, 2019, the total bank deposits stood at Rs. 13,872.935 bn as compared to Rs. 14,077.744 bn on November 1, 2019, less by 1.45 pc.

Bank Advances – As on November 8, the total bank advances stood at Rs. 8,025.671 bn as compared to Rs. 8,042.875 bn on November 1, 2019 less by 0.21 pc.

SBP Allows \$10,000 Advance Payment for Raw Material Imports

The State Bank of Pakistan (SBP) recently allowed advance payments of up to \$10,000 or equivalent per invoice on behalf of manufacturing concerns for import of raw material and spare parts for their own use only. Speaking at a press briefing on November 12, SBP Governor Dr Reza Baqir said important decisions have been taken to improve economy particularly following the exchange rate stability and ease of doing business improvements. He said "prior permission of Foreign Exchange Operations Department (FEOD), SBP-Banking Services Corporation, is required from foreign exchange perspective, by the firms or companies in Pakistan, intending to acquire any type of service in Pakistan. But this restriction has been removed. Such services can be acquired from abroad without prior permission of FEOD, if total value, of a specific service to be acquired from abroad, does not exceed \$10,000," he added.

Workers' Remittances in July-October

Overseas Pakistani workers remitted US\$ 7478.90 mn in the first four months (July to October) of FY20, compared with US\$ 7617.89 mn received during the same period in the preceding year. During October 2019, the inflow of workers' remittances amounted to US\$ 2,000.80 mn, which is 14.46 pc higher than September 2019 and 2.88 pc lower than October 2018. The country wise details

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

MONETARY POLICY RATE

Effective from July 16, 2109 - 13.25pc

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	13.16	13.41
ENDING	13.28	13.53
CHANGE	+0.12	+0.12

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 200.50	PKR 172.50	PKR 155.70
ENDING	PKR 199.50	PKR 171.50	PKR 155.40
CHANGE	-1.00	-1.00	-0.3

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	35,978
ENDING	37,583
CHANGE	+1605

GOLD RATE

(10 gm)

STARTING	PKR 74,888
ENDING	PKR 74,117
CHANGE	-771



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for the month of October 2019 show that inflows from Saudi Arabia, UAE, USA, UK, GCC countries (including Bahrain, Kuwait, Qatar and Oman) and EU countries amounted to US\$ 468.18 mn, US\$ 398.96 mn, US\$ 322.38 mn, US\$ 328.69 mn, US\$ 191.77 mn and US\$ 60.94 mn respectively compared with the inflow of US\$ 494.53 mn, US\$ 419.41 mn, US\$ 325.19 mn, US\$ 322.29 mn, US\$ 200.87 mn and US\$ 57.42 mn respectively in October 2018. Remittances received from Malaysia, Norway, Switzerland, Australia, Canada, Japan and other countries during October 2019 amounted to US\$ 229.88 mn together as against US\$ 240.57 mn received in October 2018.

Governor SBP Unveils Commemorative Coin of Baba Guru Nanak Sahib

Governor SBP Dr. Reza Baqir unveiled the commemorative coin of Rs.550 to mark the 550th birth anniversary of Baba Guru Nanak at State Bank of Pakistan. A delegation of Sikh Community led by Sardar Ramesh Singh Khalsa, Patron in Chief Pakistan Sikh Council, comprising members of Pakistan Sikh Council and Baba Guru Nanak Darbar also attended the ceremony. In his welcome address, the Governor informed the audience that this was the first time in the history of the country that a coin in memory of a religious personality is issued. He cited three reasons behind the issuance of the commemorative coin in the name of Baba Guru Nanak. The first is that through this gesture, State Bank has contributed in the national efforts to support inter-religious harmony. Second, the coin will underscore the message of peace taught by Baba Guru Nanak. Third, this initiative is to promote peace, which enhances economic prosperity which is a key goal of the State Bank of Pakistan.

Post-harvest Crop Losses Cost Pakistan Over \$1 bn Yearly: ADB

Pakistan could save about \$1.13 bn annually by reducing up to 75 pc of the current post-harvest losses, according to estimates mentioned in a paper on agricultural wholesale markets in Pakistan, released by the Asian Development Bank. The annual value of post-harvest losses of potato, tomato, peas, cauliflowers, carrots, turnips, radish, brinjal, squash, okra, onion,

Pakistan's Major Economic Indicators - FY 2018 & FY 2019

REAL SECTOR (GROWTH IN %)	FY 2018	FY 2019 _p	-	-
REAL GDP	5.5	3.3	-	-
AGRICULTURE SECTOR	3.9	0.9	-	-
INDUSTRIAL SECTOR	4.9	1.4	-	-
SERVICES SECTOR	6.2	4.7	-	-
CPI INFLATION (YoY%)	FY 2019 _{pa}	JUL-SEP FY 20 _{pa}	AUG 2019	SEP 2019
NATIONAL	6.8	10.1	10.5	11.4
URBAN	7.1	10.3	10.6	11.6
RURAL	6.3	9.7	10.3	11.1
FOOD INFLATION-URBAN/RURAL	4.7/4.8	11.6/12.3	11.9/12.6	15.0/15.0
MONETARY SECTOR (IN BILLION Rs.)	FY 2018	FY 2019 _p	SEP 2019 _#	-
CURRENCY IN CIRCULATION	476.5	562.2	321.4	-
_p PROVISIONAL	-	-	-	-
_{pa} PERIOD AVERAGE	-	-	-	-
_# Last weekend of the month	-	-	-	-

SOURCES: PBS STATISTICS DEPT. SBP NEWS - October 2019



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grapes and mango in Balochistan, Khyber-Pakhtunkhwa, Punjab and Sindh, valued at the respective 2016 provincial wholesale prices, is about \$700 mn to \$934 mn.

INTERNATIONAL VISTA

Global Debt Surges to Record High \$188 tr

The global debt load has surged to a new all-time record equivalent to more than double the world's economic output, IMF chief Kristalina Georgieva warned recently. While private sector borrowing accounts for the vast majority of the total, the rise puts governments and individuals at risk if the economy slows, she said. Global debt — both public and private — has reached an all-time high of \$188 tr. This amounts to about 230 pc of world output," Georgieva said in a speech to open a two-day conference on debt. That is up from the previous record of \$164 tr in 2016, according to IMF figures. While interest rates remain low, borrowers can use debt to make investments in productive activities or weather a bout of low commodity prices.

Egyptian Transport Startup Targets Regional Market

Swvl, an Egyptian startup with an app to book bus tickets, plans to launch operations in the Philippines, Indonesia and Bangladesh by the end of next year, a senior official said. The startup, which operates buses along fixed routes and allows customers to reserve and pay for them using its app, began operations in Egypt in 2017. It has since been launched in Pakistan and recently moved its headquarters to Dubai. "By the end of next year, we want to be in more cities, a city is a market for us. We are planning to open in Manila, Jakarta and Dhaka," Swvl Pakistan's General Manager Shahzeb Memon told recently. The company, which has raised \$80 mn in funding so far, launched its services in August in Karachi, Lahore and the twin cities of Islamabad and Rawalpindi. It plans to invest \$25 mn in the country to create 10,000 jobs and hopes to attract half a million customers by 2021, Memon said. The company, however, has already run into regulatory hurdles. Last week, a provincial

government in Pakistan issued notices to Swvl and another similar service, saying they were operating without route permits and no-objection certificates.

Moody's Cuts Global Outlook to Negative

Rating agency Moody's cut its global sovereign outlook for 2020 to 'negative' from 'stable' on Monday, saying disruptive and unpredictable world politics would slow growth and increase the risk of economic or financial shocks. Moody's, which has already slapped downgrade warnings on Britain, South Africa, India, Mexico, Turkey and Hong Kong, said there were three main drivers behind the move. Unpredictable politics and trade wars such as that between the United States and China would weaken open and commodity-exporting economies. The increasingly antagonistic environment was also likely to damage global and national institutions, which together with lower growth, raises the probability of crises but reduces the capacity to deal with them.

China's Xi on Investment in Greece

Chinese President Xi Jinping is meeting political leaders in Greece as part of a trip aimed at furthering a major global investment initiative inside the European Union. China's state-owned transport giant COSCO controls Greece's largest port of Piraeus, near Athens, and Beijing is keen to boost Chinese investment in Greece as part of its global Belt and Road investment initiative. Emerging from a decade-long financial crisis, Greece and its new conservative government are keen to attract overseas investment despite concerns from some of Athens' western allies over the rapid expansion of China's global influence. Thousands of Chinese investors have snapped up apartments around in Athens and other Greek cities under a so-called "golden visa" scheme which offers a five-year residence permit to buyers who spend more than 250,000 euros (\$275,750) on the local property market.

Google to Offer Bank Accounts Next Year

Alphabet Inc's Google will offer personal checking accounts from sometime next year in partnership with Citigroup Inc and a small credit union at Stanford University, a person familiar with Google's plans said recently. The details of the project, named Cache, were first reported by the Wall



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Street Journal and follow moves by tech heavyweights Apple Inc. and Facebook Inc. into the financial industry this year. Facebook's plan to launch its Libra cryptocurrency has met with skepticism from regulators, worried about the risk of money laundering and the security of transactions and user data. But there are also broader concerns about how the big tech companies' will use their massive digital influence in other areas of business and economic infrastructure.

BREXIT Forces Tesla to Choose Berlin for New Factory

Britain missed its chance to host the first European factory of US electric vehicle pioneer Tesla because of BREXIT, Chief Executive Elon Musk said in remarks reported recently. The company had earlier said it chose a location near Berlin for a new design centre and plant to make batteries, powertrains and vehicles, offering a major boost to the German capital. Berlin's minister in charge of economic affairs, Ramona Pop, said the move could create 6,000 to 7,000 jobs in production alone, with hundreds or even thousands more in areas such as design, software or research.

MANAGEMENT OUTLOOK

Managing an Employee who is Emotionally Needy

Some employees need more validation than their managers can give. When someone always wants you to say they did a good job, or is never convinced their work is good enough, it is best to address the issue directly. Schedule a private meeting to talk to the employee — and be gentle, not harsh or dismissive. Show the person that you care about their well-being, and use concrete examples to explain how their behavior is affecting you, their work or the team. Encourage employees to think about why they seek so much reassurance and how to find healthier ways to meet their needs. For example, they might turn to

friends outside the workplace or a mental health professional to talk through their emotions. And set boundaries for the future, being direct about what your limits are. Throughout the conversations and going forward, treat people as if they were strong rather than fragile. Your goal is to give them the right amount of support — not to make them feel bad for wanting more.

(This tip is adapted from *4 Ways to Manage an Emotionally Needy Employee*, by Ron Carucci-HBR.)

Keeping in Touch with Your Alumni Network

Some of the most useful contacts you have are in your alumni network. Attending the same university or graduate program gives you a shared history — and a great excuse to connect with other interesting, accomplished people. But how do you stay in touch with your peers? One easy way is to provide an annual update to your alumni magazine. Reading about what you're up to can encourage old friends and colleagues to reach out. You could also volunteer for a role that will connect you with classmates. For example, you might serve as chair of the class reunion or launch a monthly alumni breakfast in your city. Or consider how staying connected could let you showcase your expertise. Alumni offices frequently host professional development webinars; you could volunteer to host one, sharing your knowledge with hundreds or even thousands of fellow graduates. Strategies like these will help you deepen your ties to fellow alums, and can even lead to valuable new business opportunities.

(This tip is adapted from *3 Ways to Make the Most of Your Alumni Network*, by Dorie Clark-HBR.)

SNIPS

WeChat Leads the Pack

With 800 million users, WeChat Pay is the leader of mobile payment in China.

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