



ECONOMIC LETTER

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

VOLUME 16

ISSUE 20

MAY 14, 2021

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

PAKISTAN TIDINGS

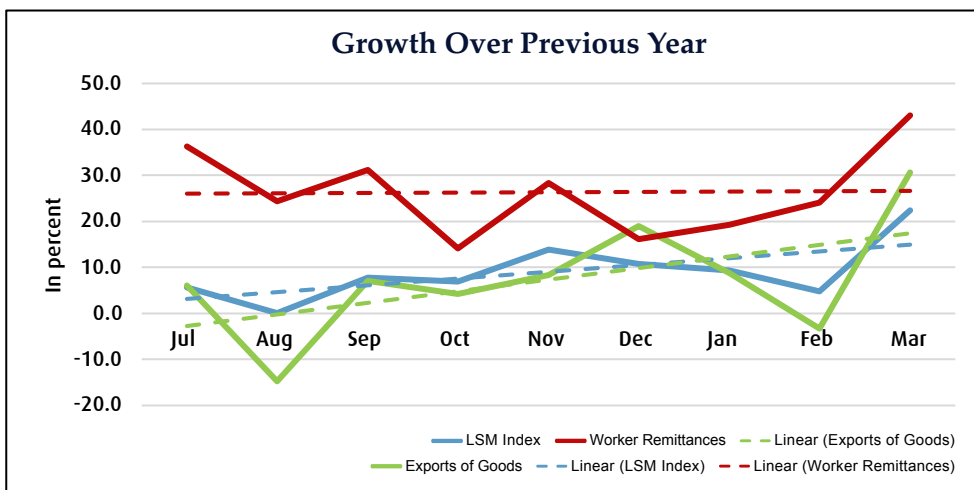
COVID-19: Impact of SBP's Measures as of April 16 – May 03, 2021

	(Rs. in billion)		
Loans Deferred	657.0	Loans Approved for Hospitals	12.6
Loans Restructured	253.6	Loans Approved for Investment	436.0
Loans Approved for Wages*	238.0	ATMs' Availability	96 Percent

* Since the scheme is no longer available, the data has not been updated after November 13, 2020.

SBP's Ongoing Monetary Policy Stance Helping Economy to Grow Faster
Since the eruption of COVID-19 pandemic, Monetary Policy Committee (MPC) of State Bank of Pakistan (SBP) has reduced the policy rate in a short span of time reducing the burden of forthcoming interest payments on businesses considerably.

The MPC reduced the policy rate by a cumulative 625 basis points from 13.25 percent to 7 percent from mid-March to June 2020. This has been one of the largest reductions in the policy rate among the emerging economies during the pandemic and was taken to counter the negative fallout of COVID-19 pandemic on the economy. Later on, in each of its subsequent meetings after June 2020, the MPC showed its resolve to keep the policy rate unchanged at 7.0 percent and anticipated that its continuation would support the emerging recovery in important key economic indicators.



Eventually, it proved well and during July- March FY21, the large-scale manufacturing industries, exports receipts and workers' remittances witnessed average monthly growth of 9.1 percent, 7.4 percent and 23.6 percent respectively over the previous year.

MARKETS AT A GLANCE

Rates taken till Friday, May 07, 2021*

MONETARY POLICY RATE

7pc | Effective from June 25, 2020

KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	7.37	7.62
ENDING	7.37	7.62
CHANGE	0	0

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 212.03	PKR 183.94	PKR 152.28
ENDING	PKR 212.03	PKR 183.94	PKR 152.28
CHANGE	0	0	0

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	45,174
ENDING	45,174
CHANGE	0

GOLD RATE

	(10 GM, 24K)
STARTING	PKR 89,500
ENDING	PKR 90,450
CHANGE	+950

*Due to Eid-ul-Fitr holidays.



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Page No. 02

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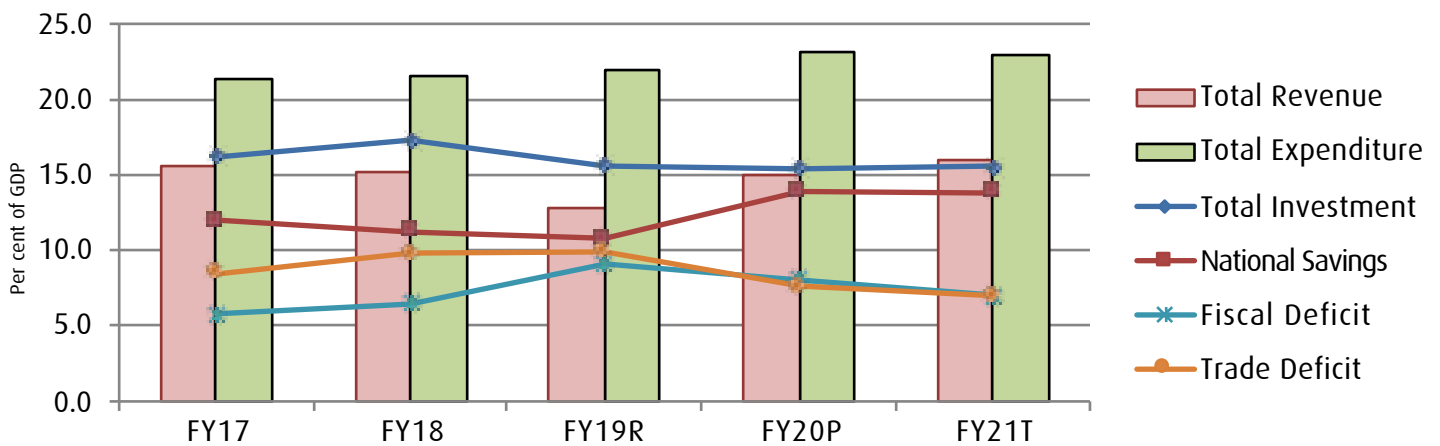
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Pakistan's Major Economic Indicators

Real Sector (Percent Growth)	FY17	FY18	FY19 ^R	FY20 ^P	FY21 ^T
GDP (Real)	5.5	5.5	1.9	-0.4	2.1
Agriculture Sector	2.2	4.0	0.6	2.7	2.8
Industrial Sector	4.6	4.6	-2.3	-2.6	0.1
Services Sector	6.5	6.3	3.8	-0.6	2.6
GNP (mp) Rs. Per Capita	170,672	181,453	198,028	214,539	229,519
GNP (mp) US \$ Per Capita	1,630.1	1,651.9	1,455.1	1,355.0	1,408.1

As Percent of GDP (mp)



CPI INFLATION (YoY%)	FY17	FY18	FY19	FY20	MAR 2021	APR 2021
General	4.8	4.7	6.8	10.7	9.1	11.1
Food (Urban)	4.3	3.8	4.6	13.6	11.5	15.7
Non-Food (Urban)	5.1	5.8	8.5	8.3	7.1	8.2

Currency in Circulation as on (Stock data)

Rs. in billion

June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	April 23, 2021	April 30, 2021
3,911.3	4,387.8	4,950.0	6,142.0	6,806.3	6,814.6

T = Target | P = Provisional | R = Revised

Sources: i) Annual Plan 2020-21, Planning Commission | ii) Pakistan Economic Survey 2019-20, Finance Division
iii) Data published on SBP website



Banking Briefs – All Scheduled Banks

	(Rs. in billion)			% age change over	
	23-Apr-21	16-Apr-21	24-Apr-20	Previous Week	Corresponding Week
Investments	12,377.8	12,492.9	9,793.6	- 0.92	26.39
Gross Advances	8,569.5	8,525.9	8,216.6	0.51	4.29
Borrowings	3,855.8	3,974.7	3,544.3	- 2.99	8.79
Deposits and other accounts	17,111.1	16,979.3	14,475.8	0.78	18.20

PSX Gearing Up to Launch New Trading Platform

The Pakistan Stock Exchange (PSX) is preparing to operationalize a newly acquired trading platform by mid-June this year.

As per local media reports, the new trading system, bought from Shenzhen Stock Exchange (SZSE) for \$2.85 million, has a built-in surveillance system, which means it is capable of preventing and detecting data leakages and theft attempts.

Besides strengthening security features to safeguard investors' data, integration of the national bourse with three Chinese international stock markets including the SZSE, Shanghai and Hong Kong exchanges will allow cross-listing of companies and help attract foreign investment at PSX.

The system will also save time by concluding a trading session in less than a minute as compared to 30 minutes that the current and outdated Karachi Automated Trading System (KATS) requires. This would in turn increase trading hours which would lead to an increase in trade volumes in daily sessions.

It is pertinent to mention here that many stockbrokers have raised allegations that officials copy and sell data on a daily basis to other stockbrokers and investors.

To address these issues, the new trading system carries a built-in surveillance system that will free the stock market of having to carry out manually surveillance through

acquiring data from KATS. The new system would automatically address complaints about investors' data leakage and theft as to which investors bought which shares at what prices.

Furthermore, local media reports claim that PSX was mulling over introducing new products to increase trade activities at the local bourse. SZSE is the third largest stock market in the world in terms of trading value. The new trading system will bring the PSX on a par with international stock exchanges.

Locally Produced COVID Vaccine to be Available by May-end

The first batch of locally produced China's CanSino Bio coronavirus vaccines will be available for inoculation at the end of May.

"The first batch of bulk CanSino vaccine being processed at the National Institute of Health plant set up for this purpose last month. Specially trained team working on it. Will Inshallah be available for use by end of May after going through rigorous quality control checks," said Federal Minister Asad Umar, who heads the National Command and Control Centre (NCC).

Days ago, Special Assistant to Prime Minister on National Health Services, Regulations and Coordination Dr. Faisal Sultan announced that Pakistan will become largely self-sufficient in meeting its COVID-19 vaccine needs as it will begin producing the single-dose CanSino Bio vaccine locally.



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Page No. 04

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Faisal Sultan said that due to the agreement on technology transfer, the National Institute of Health (NIH) will be able to produce three million doses per month which will significantly reduce the country's dependence on other countries. He said that China was a strong partner and had gone out of its way in keeping up a supply chain and transferring technology to Pakistan. He said that the government had planned to vaccinate 70 million population by the end of the year 2021.

Pakistan Added to Amazon Sellers' List

The US e-commerce giant Amazon decided to add Pakistan to its approved Seller' List, Adviser to Prime Minister of Pakistan for Commerce and Investment Abdul Razak Dawood announced on May 6, 2021. Razak Dawood said it is a great opportunity for Pakistani youth, SMEs and women entrepreneurs. The adviser said that they have been engaged with Amazon since last year and now it is happening. Earlier, Special Assistant to Prime Minister on Political Affairs (SAPM) Shahbaz Gill said Amazon has added Pakistan to its approved seller list.

Crediting the PTI government for the development, Prime Minister Imran Khan's aide tweeted: "What could not be achieved during the last 10 years in the history of Pakistan, has finally been done by the present government." Gill said Pakistan has now joined the global market which will result in billions for the country in the form of investment and employment opportunities. According to TechJuice.pk, after Pakistan's addition to Amazon approved selling countries, accounts can be made using Pakistani details. "This milestone will drastically change the game and result in a new era of economic growth as more sellers will visit the platform than ever before," read a post on the website.

A webinar was also organized by the Consulate General of Pakistan, Los Angeles and Ministry of Commerce of Pakistan with senior executives of a few Pakistani companies. Omar Gajjal, former senior executive of Amazon, shared with the participants what sort of opportunities will be available to Pakistani business to sell their products on Amazon and how they can derive maximum benefit from this opportunity once Amazon opens its Seller Registration for Pakistan.

"During your sleep, Satan knots three knots at the back of the head of each of you, and he breathes the following words at each knot, 'The night is long, so keep on sleeping.' If that person wakes up and celebrates the praises of Allah, then one knot is undone, and when he performs ablution the second knot is undone, and when he prays, all the knots are undone, and he gets up in the morning lively and in good spirits, otherwise he gets up in low spirits and lethargic."

THE PROPHET MUHAMMAD ﷺ

INTERNATIONAL SCENARIO

Electric Vehicles Cheaper Than Combustion by 2027

Electric cars will be cheaper to build than fossil fuel vehicles across Europe within six years and could represent 100 percent of new sales by 2035, according to a study published on May 10, 2021.

Carmakers are shifting en masse to electric and hybrid models in order to bring average fleet emissions under a European Union limit of 95 grams of carbon dioxide per kilometer or face heavy penalties.

The study by Bloomberg New Energy Finance found that electric sedans and sport-utility vehicles will be as cheap to make as combustion vehicles from 2026.

Small cars will have to wait until 2027 to match the cost of fossil fuel models, according the study, which was commissioned by Transport and Environment, a European clean transport campaign group. Light electric vans will be less expensive than diesel models from 2025 and heavy electric vans from 2026.

"EVs will be a reality for all new buyers within six years," Julia Poliscanova, senior director for vehicles and e-mobility at Transport and Environment, said in a statement.

"They will be cheaper than combustion engines for everyone, from the man with a van in Berlin to the family



living in the Romanian countryside," Poliscanova said.

A drop in the cost of batteries and the use of production lines dedicated to making electric vehicles will make them cheaper to buy, on average, even before subsidies, according to the study. An electric sedan, which cost nearly 40,000 euros (\$49,000) pre-tax in 2020, is expected to sell at the same price as a combustion model — around 20,000 euros — in 2026, the study showed.

Electric cars will represent 50 percent of new sales by 2030 and 85 percent by 2035 if policies remain the same. But they could reach 100 percent by 2035 "if lawmakers increase vehicle CO2 targets and ramp up other policies to stimulate the market such as a faster roll-out of charging points", the NGO said.

SNIPS

Masking Up

Every month, frontline health workers around the world need 89 million masks to protect themselves and others from COVID-19 indicates a statistic by the World Health Organization.

UN Raises Global Economic Forecast to 5.4 percent Growth in 2021

The United Nations on May 11, 2021 responded to the rebounding Chinese and U.S. economies by revising its global economic forecast upward to 5.4 percent growth for 2021, but it warned that surging COVID-19 cases and inadequate availability of vaccines in many countries threaten a broad-based recovery.

In raising its projection from January of 4.7 percent growth, the U.N.'s mid-2021 World Economic Situation and Prospects report pointed to the rapid vaccine rollout in a few large economies led by the U.S. and China and an increase in global trade in merchandise and manufactured goods that has already reached its pre-pandemic level.

But the U.N. cautioned that "this will unlikely be sufficient to lift the rest of the world's economies," and "the economic outlook for the countries in South Asia, sub-Saharan Africa and Latin America and the Caribbean remains fragile and uncertain."

Lead author Hamid Rashid, chief of the Global Economic Monitoring Branch in the U.N. Department of Economic and Social Affairs, told a news conference that "Europe's outlook is not as bright as we expected" because of signs of second and third waves of COVID-19 infections. "The key challenge we face in the world right now is that infections are still rising in many parts of the world and we are seeing new variants and new mutations affecting large populations in South Asia, also in Latin America," he said. "That poses a significant challenge in terms of the recovery and world economic growth."

Rashid said, "Vaccination is probably right now the number one issue to put the world economy on a steady path of recovery." He noted, however, that "vaccine inequity is a serious challenge."

In normal times, he said, 5.4 percent would be considered a very high economic growth rate, but this year it is barely offsetting last year's losses and growth is "very uneven and also very uncertain."

He said the U.N. expects the U.S. economy, which is very strong, to grow about 6.2 percent this year, "the fastest growth of the U.S. economy since 1966," and it expects the Chinese economy to grow by about 8.2 percent. But he called India, Brazil, South Africa and many other developing countries "weak spots."

Rashid said that in the past the growth rate of developing countries would be higher than the global average, but this year the average growth rate of many developing countries and regions is lower because of the pandemic. One of the key drivers of economic recovery has been investment, he said, with some countries like the U.S. seeing only a 1.7 percent drop in investment last year while some developed countries saw investment drop by 4 percent of GDP or even more.



The \$16 trillion in stimulus to counter the economic impact of the coronavirus pandemic "was much needed to avoid a complete meltdown of the global economy," Rashid said, "but that has not led to massive increase in investment."

He warned that the "massive surges in stock market prices globally" are creating "something of a financial stability risk worldwide and we have to be vigilant about that risk as that could also derail the recovery efforts going forward."

Rashid said the U.N.'s forecast of 5.4 percent growth this year is far more cautious than other international organizations, including the International Monetary Fund, which last month revised its 2021 projection upward to 6 percent.

"We're still optimistic about the global economy," Rashid said, but "there are a lot of uncertainties that we underscored in our report, especially the spread of vaccination and coverage that needs to happen in the next six months to achieve that kind of growth rate that we project here."

For 2022, the U.N. forecast that the global economy will grow by about 4.7 percent is higher than the IMF's projection of 4.4 percent.

MANAGEMENT VIEWS

Avoid These 3 Pitfalls When Leading Organizational Change

Leading an organizational transformation is hard. If you have got a major change on the horizon (or if you are currently leading one that is stuck in a ditch), you need to be aware of three common pitfalls — and how to avoid them.

- **Do not underestimate the scope of the work.** Executing a transformation at scale typically requires more time and coordination than leaders expect. To counter this, make sure you have realistic expectations. Take an incremental approach to the overall goal by launching a series of small-scale projects and initiatives led by distinct teams. And be sure that all of these related initiatives — and the people who lead them — are aligned, communicate effectively and avoid taking on overlapping or conflicting work.
- **Do not overestimate your employees' capacity to execute your vision while continuing to carry out their existing day-to-day responsibilities.** Listen for feedback about their ability to deliver. Be ready to adapt accordingly.
- **Do not hide why this transformation is important to you.** Be transparent and express why you believe the organization should move in this new direction. You want to be a leader who inspires trust throughout the transition.

(This tip is adapted from *How Leaders Get in the Way of Organizational Change*, by Ron Carucci – HBR.)

How to Present to a Hybrid Audience

Keeping your audience engaged during a presentation is always a challenge, but it is even harder when some people are not in the room. What can you do to make your hybrid presentations more inclusive, energetic and effective? Here are a few tips.

- **Require cameras to be on.** This will allow you to engage visually with everyone. To level the playing field even further, consider asking in-person participants to bring their laptops and turn their cameras on.

"It is an 'Id* for anyone whose fast is accepted by Allah and for whose prayers He is grateful, and (in fact) every day wherein no sin against Allah is committed is an 'Id."

*Eid

HAZRAT ALI



- **Emotionally engage remote participants.** Greet virtual participants personally at the beginning of the session and continue to address them throughout the presentation.
- **Make direct eye contact.** Begin by looking deliberately at the camera to send the message that the people not in the room are equally important. Throughout the presentation, switch back and forth between making eye contact with those in the room and returning your focus back to the remote participants.
- **Foster collaboration.** Have virtual and in-person participants work together, rather than splitting the group into in-person and remote breakout rooms.

(This tip is adapted from *How to Nail a Hybrid Presentation*, by Sarah Gershman and Rae Ringel – HBR.)

How to Give a Powerful Compliment

When done well, a compliment is one of the most powerful ways to let someone know that you value and appreciate them. Yet, these seemingly positive interactions can be surprisingly tricky to navigate — no one wants to come across as a sycophant. Here is how to give a powerful compliment the next time you want to recognize someone for their work:

- **Be authentic.** Ask yourself, "Why am I recognizing this person?" Do not compliment someone because you feel you should; compliment them because you feel compelled to let them know how they impact you or others.
- **Be specific.** Ask yourself, "What exactly did I experience or observe?" Give details and examples to give the recipient the context behind your admiration.
- **Focus on process, not just results.** In other words, comment on how this colleague did what they did — not just what they produced.
- **Share the impact.** Tell your colleagues what their actions meant to you and the rest of the team.

(This tip is adapted from *How to Give and Receive Compliments at Work*, by Christopher Littlefield – HBR.)

Set Up a Virtual Internship Program

Internship programs play a critical role in many companies, helping develop future workers' skills as well as your company's talent pipeline. How should you adapt your program to a virtual landscape? Here are three steps to take.

- **Listen, listen, listen.** Treat your interns and internal stakeholders like customers and proactively try to understand their wants and needs. Use these insights to shape your program.
- **Create substitutes for in-person engagement.** Conduct an extensive training session to make introductions between the interns and their managers, provide an overview of the program, share best practices for remote work and set expectations. You may even want to create an intern buddy system that pairs two participants for the duration of the program.
- **Take advantage of remote-work benefits.** The virtual setting offers ways to bolster diversity and inclusivity by removing geographic or accessibility limitations of the physical office.

(This tip is adapted from *How to Create a Successful Virtual Internship Program*, by Sandra Rivera – HBR.)



MAY 20
THURSDAY

2PM - 6PM

Impactful Communication/Email Writing Skills

FACILITATOR: Erum Saleem

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

MAY 21
FRIDAY

4PM - 8PM

Governance and Management of Bank's IT

FACILITATOR: Syed Muhammad Ali Naqvi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

MAY 22
SATURDAY

9AM - 1PM

SBP Guidelines on Compliance Risk Management

FACILITATOR: Aamir Shaukat Hussain

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

MAY 22
SATURDAY

2PM - 6PM

Trade Based Money Laundering

FACILITATOR: Salim Thobani

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

MAY 22
SATURDAY

7PM - 10PM

The Role of Design Thinking in Banks

FACILITATOR: Ashar Kazi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING