



# Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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## PAKISTAN

The SBP has devised a payment settlement mechanism with the Bank Markazi Jomhuri Islami (BMJII) to settle trade transactions between Pakistan and Iran. During the first nine months of 2016-17, Pakistan exported goods worth \$ 24 mn. Imports during the during the first eight months of the fiscal year were just \$ 54,000. The bilateral trade volume is the lowest compared to the level of trade Pakistan enjoys with other regional countries. Both countries have also agreed to trade either in yen or euro.

Deposits and other accounts of all scheduled banks stood at Rs. 11,013.88 bn against preceding week's deposits of Rs. 10,933.78 bn, with a rise of 0.18%. (week ended April 21, 2017)

Gross advances of all scheduled banks stood at Rs. 5698.57 bn higher by 0.54% over the preceding week's Rs. 5,668.06 bn.

SECP has laid down criteria for mutual funds investments in listed equity securities to safeguard the interests of unit holders of collective investment schemes.

Cement despatches increased 6.2 % year-on-year to the record level of 33.88 mn tonnes in the first 10 months of 2016-17, according to the All Pakistan Cement Manufacturers Association (APCMA). Domestic consumption was 29.871 mn tonnes while exports remained 4.01 mn tonnes in the 10 months. A year ago, domestic consumption and exports were 26.973 mn tonnes and 4.928 mn tonnes, respectively. This means domestic consumption increased 10.74% while exports declined 18.63% on an annual basis.

Pakistan's role in promoting China's 'Belt and Road' initiative was emphasized by Chinese Ambassador Sun Weidong as he sought to dispel 'myths' about the China-Pakistan Economic Corridor (CPEC) project. The ambassador said that One Belt, One Road concept was based on traditional Chinese culture whose core values were peace, development and harmony. He expressed satisfaction

## Markets at a glance

### KIBOR (6 months)

	Bid%	offer%
BEGINNING	5.90	6.15
ENDING	5.90	6.15
CHANGE	+0.00	+0.00

### Foreign Exchange Rates

	GBP (£)	EURO (€)	USD (\$)
BEGINNING	Rs. 135.60	Rs. 115.00	Rs. 105.70
ENDING	Rs. 136.00	Rs. 114.60	Rs. 105.70
CHANGE	+0.4	-0.4	+0.00

### Pakistan Stock Exchange

	100 Index
BEGINNING	49,851
ENDING	51,750
CHANGE	+ 1899

### Gold Rate

	(10 gm)
BEGINNING	Rs. 42,814
ENDING	Rs. 42,685
CHANGE	-129



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over the pace of projects under construction under the CPEC, noting that 19 early-harvest projects were under smooth construction with a total contract amount of \$18.5 bn.

There is a qualitative improvement when women join the workforce, therefore, there is a need for industry wide changes to improve female participation. This was concluded in a panel discussion based on 'Gender Diversity in Business Sector of Pakistan', a baseline survey of PBC member companies carried out by CERN and Circle was sent to 61 companies, with responses from only 31. More than 50% of companies had gender diversity marked as one of their top five business goals. Of the surveyed companies, 50% had female workforce participation between 10-20% while 60% companies acknowledged facing hurdles in inducting women. Only 50% firms explored training and mentoring schemes for female employees. It was found that the percentage of women employees decreases drastically at senior management levels including departmental heads (DH) and CEO, CFO, etc. (C-Suite). The banking and finance sector has up to 80% women employees at entry level, has 0.8-40% at manager level, 0.5-10% at DH and 0-11% at C-Suite level.

The economic growth outlook for Pakistan is projected to trend up to 5.2% to 5.4% in both 2017 and 2018, forecasts the latest Economic and Social Survey of Asia and the Pacific 2017. Economic growth in the ESCAP region, 2016-18. Increased capital inflows from China to finance projects under CPEC have helped generate foreign exchange receipts, although imports of transport and construction-related items also increased.

Pakistan International Bulk Terminal – the country's first dirty cargo terminal has started operations by handling its maiden coal cargo vessel of more than 41,000 tonnes last week.

## INTERNATIONAL

Gold dropped to an eight-week low early on Tuesday as safe haven demand continued to fade in the wake of Macron's victory in the French election and as expectations for tighter US monetary policy lifted bond yields. The Spot gold price was down 0.8 % at \$ 1,215.81 an ounce after falling below its 100-day moving average to \$ 1,214.39, the lowest since March 15, 2017.

Oil prices fell over slowing demand and increasing US crude output that has shaken investors' faith in the ability of OPEC to rebalance the market. Brent futures lost 61 cents or 1.2% to settle at \$ 48.73 a barrel while US West Texas intermediate crude fell 55 cents or 1.2% to \$ 45.88 per barrel.

British Banking giant Barclays has agreed to repay nearly \$ 100 mn to investment clients in USA it overcharged for services, US financial regulators said.

Australia's banking sector reacted negatively to a government plan to slug lenders with a heavy new levy, calling it naïve tax grab that sent wrong signal to global financial markets.

Britain's super rich kept calm and carried on making billions despite worries about Brexit. In the past 12 months, the total wealth of Britain' richest 1,000 individuals and families surged 14% to GBP £ 658 bn. There are now 134 billionaires based in UK.

The U.S. economy expanded at the slowest pace in three years as weak auto sales and lower home-heating bills dragged down consumer spending, offsetting a pickup in



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## ATM LEGENDS

National Bank of Pakistan has the unique distinction of being the first bank to install an ATM at the Khunjerab Top near the Sino-Pak Border at a height of 15,550 ft. (4600 m.). It is the highest ATM point of the world.

On the other hand, the second highest ATM was installed by Union Bank of India at Nathu La, a centuries-old mountain pass near the Sino-Indian border, has been topped with an ATM at an elevation of 14,300 ft. in Kupup, Sikkim, India.

One of the world's most northerly installed ATMs is located at Longyearbyen, Svalbard, Norway.

The world's most southerly installed ATM is located at McMurdo Station, located in New Zealand's Ross Dependency, in Antarctica since 1997.

The world's lowest installed ATM is at Ein Bokek (Dead Sea); it was installed independently by a grocery store at 421 m. (1381 ft.) below sea level.

It is widely accepted that the first ATM was put into use by Barclays Bank in its Enfield Town branch in North London, UK, on 27 June 1967. This machine was inaugurated by English comedy actor Reg Varney.

investment led by housing and oil drilling. Gross domestic product, the value of all goods and services produced, rose at a 0.7% annualized rate after advancing 2.1% in the prior quarter. The median forecast of economists surveyed by Bloomberg called for a 1% gain. Consumer spending, the biggest part of the economy, rose 0.3%, the worst performance since 2009.

Portugal has emerged as the year's best performing eurozone bond market outside little-traded Greece, helped by its improving economy and shrinking budget deficit and by fading threat of a break-up of the block. Benchmark 10 year Portuguese bonds have returned just over 4% so far this year on almost all their eurozone peers are negative.

The European Union has proposed easing derivatives rules in a move which will save pension funds billions of euros, as it seeks to boost growth in the bloc. New rules were introduced in 2012 after the sector was blamed for accentuating the 2007-09 financial crisis. Policymakers are now trying to help drive growth by cutting red tape for companies and investors, though not for big banks.

Federal Reserve left its influential interest rate unchanged at the conclusion of its two-day meeting in Washington, citing a recent slowdown in growth that it said was likely transitory. US interest rates have risen to 1%, the highest level since November 2008.

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