



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Volume 12, Issue No. 24 | Date: June 16, 2017

PAKISTAN

BANKING SCENARIO

Deposits Folder

Deposits and other accounts of all scheduled banks stood at Rs. 10,992.69 bn after a 1.5 pc decrease over the previous week's figure of Rs. 11,163.34 bn according to the weekly statement of position for the week ended May 26, 2017

Credit Portfolio

Gross Advances of scheduled banks stood at Rs. 5,935.78 bn higher by 0.51 pc over the preceding week's figure of Rs. 5,909.59 bn

Notes in Circulation

Notes in Circulation stood at Rs. 3,877.61bn during the week ended May 26, 2017 against Rs. 3,865.90 bn a week earlier, showing a rise of 0.30 pc

Pakistan Receives Guest of Honour Status

Pakistan was extended 'Guest of Honour' status at China's International Expo that began at Kunming, with 80 participating countries, mainly from South and Southeast Asia regions. This was a rare move, in the background of growing bilateral relations under CPEC and the country's leading role in building Belt and Road's initiative of President Xi Jinping.

Punjab Eyeing CPEC-Related Exports

Punjab is trying to develop its farm sector in a bid to claim a reasonable share in more than \$ 111bn per annum farm imports of China. The provincial government has created a special CPEC-related cell in the agriculture department and earmarked specific areas with budgetary allocations while according priority to projects like promoting high-value agricultural products along the CPEC route.

Mango Exports

Last year's mango exports were worth \$ 68mn (120,000 tonnes) . Exporters say if they end-up exporting the same volume this year, they could earn \$ 68-70 mn again , as no big change in export pricing is in sight. They are however, getting large orders for mangoes not only from Western and Middle-Eastern Markets but also from Hong Kong, Singapore, Indonesia, Japan, Malaysia and South Korea.

MARKETS AT A GLANCE

Rates are taken till Friday 01:00 pm (during Ramadan) —

KIBOR (6 months)

	Bid%	offer%
BEGINNING	5.91	6.16
ENDING	5.91	6.16
CHANGE	+0.0	+0.0

Foreign Exchange Rates

	GBP(£)	EURO(€)	USD(\$)
BEGINNING	PKR 136.80	PKR 118.80	PKR 105.90
ENDING	PKR 135.00	PKR 118.00	PKR 105.90
CHANGE	-1.8	-0.8	+0.00

Pakistan Stock Exchange

100 Index

BEGINNING	49,526
ENDING	46,858
CHANGE	-2668

Gold Rate

(10 gm)

BEGINNING	PKR 43,114
ENDING	PKR 42,985
CHANGE	-129



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Volume 12, Issue No. 24 | Date: June 16, 2017

China To Fund Diemer-Bhasha Dam Project

Pakistan expects China to fund a long-delayed Indus river mega dam project in Gilgit-Baltistan with work beginning next year. The \$ 12 bn Diemer-Bhasha dam should generate 4,500 MW of electricity, and a vast new reservoir would regulate the flow of water to farmland.

Banking Sector Expands

The banking sector continues its steady expansion as both investments and advances are showing growth during the first quarter of the calendar year. According to Quarterly Performance Review of the Banking Sector for the quarter January – March 2017 issued by SBP against usual pattern of seasonal retirement of advances during first quarters of the calendar year Q1CY 17, witnessed an uptick in private sector advances. Interestingly, Islamic banking industry took lead in flow of credit. The credit risk profile of the banking sector has improved, with decline in non-performing loans ratios and Capital Adequacy at 15.9 pc remains satisfactory.

ADB Approves \$20 Million Loan

The Asian Development Bank (ADB) has approved a \$20 million loan to help Pakistan's Khushhali Microfinance Bank (KMBL) to expand access to credit for agriculture-related borrowers and small businesses. Agriculture and small business are critical sectors in Pakistan's economy that play a significant role in job creation and poverty reduction. ADB's assistance will help support KMBL's goal to improve financial inclusion to these sectors through their extensive expertise and outreach to un-deserved populations. The ADB assistance will help KMBL to increase the provision of financial services to micro, small, and medium-sized enterprises (MSMEs) from 5,700 today to over 30,000 by 2020.

SNAPSHOTS FROM OUR GLORIOUS PAST



**Quaid-e-Azam
Muhammad Ali Jinnah
with Mr. Zahid Hussain,
the First Governor of
State Bank of Pakistan,
just after the inauguration
on July 1, 1948.**



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Volume 12, Issue No. 24 | Date: June 16, 2017

INTERNATIONAL

US Congress Rolls Back Banking Rules

The Republican-led House voted to free Wall Street from many of the constraints put in place after the 2008 financial crisis, the opening salvo in what is likely to be protracted battle over deregulation of the powerful banking industry. Big banks, from Goldman Sachs to Bank of America, would face less scrutiny and other large financial institutions such as insurance giant MetLife, could escape tougher rules altogether under the legislation approved largely by along party lines. The Trump Administration backed the bill, the Financial Choice Act, as part of a multipronged effort to ease banking regulations to spur economic growth.

BD Fears as EU Slaps Security Checks

European Union security screening of Bangladesh exports could damage the country's multibillion-dollar textile industry, garment manufacturers said recently. Tensions have been running high in recent months following a resurgence of extremist attacks in Bangladesh, claimed by Al-Qaeda and the Islamic State Group.

Chinese Exports, Imports Beat Forecasts

China has posted a forecast-busting surge in exports and imports in May, signaling improvement in the world's number two economy, but there were warnings Beijing would struggle to maintain its momentum. Exports rose 8.7 pc on year to \$ 191 bn while imports jumped 14.8 pc to \$ 150.2 bn.

Japan's Q1 Growth Halved by Oil Inventory Squeeze

Japan's economic growth was much weaker in the first quarter than initially estimated, the cabinet office said, but analysts made light of the decline as a 'one-off' adjustment in oil inventories that would thwart recovery. Japan's economy, the world's third largest, expanded at an

annualized rate of 1.0 pc in the first quarter, less than half the initial estimate of 2.2 pc growth and 2.4 pc gain seen by economists, cabinet office data showed recently.

Shanghai Cooperation Organization

The eight member Shanghai Cooperation (SCO) is an inter-government organization comprising China, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, Uzbekistan, Pakistan and India. The main objectives of the SCO are to strengthen relationship among member states and promote cooperation in political affairs, economics and trade, scientific-technical, cultural and educational spheres as well as in energy, transportation, tourism and environmental protection.

MANAGEMENT & IT FOOTPRINTS

Paul Allen, Co-founder of Microsoft Rolls Out the World's Largest Airplane

The initial construction on the massive airplane Paul Allen has been quietly building in the California desert is complete, and the vehicle, which would be the world's largest airplane with a wingspan wider than Howard Hughes' Spruce Goose, was wheeled out of its hangar for the first time a few days back. Called Stratolaunch, the plane has some impressive stats: a wingspan of 385 feet, or longer than a football field, a height of 50 feet. Unfueled, it weighs 500,000 pounds. But it can carry 250,000 pounds of fuel, and its total weight can reach as high as 1.3 million pounds. But, really. How big is it? It's so big that it has 28 wheels and six 747 jet engines. It's so big that it has 60 miles of wire coursing through it. It's so big that the county had to issue special construction permits just for the construction scaffolding. It's so big that to truly get a sense of it, you have to see it from a distance — like a mountain. But why is Allen, the co-founder of Microsoft and owner of the Seattle Seahawks, building such a massive plane? It's not to carry passengers, but rather rockets. The bigger the plane, the larger the rockets, or the greater the number.



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Volume 12, Issue No. 24 | Date: June 16, 2017

The High Cost of Cybercrime

According to a 2014 study by Intel Security, cybercrime costs the global economy more than \$ 45 bn every year.

Profitable for Decades

Last year, the US-based Southwest Airlines announced that it had reached a major milestone: 43 years of consecutive profitability.

Stop Comparing Your Company to Your Favourite Sports Team

Too many leaders use sports analogies to try to motivate their employees. The fact is, sports are a terrible metaphor for business. Why? First, what makes football or basketball so exhilarating is that each game and each season has only one winner. In business virtually every industry has room for plenty of winners. The most successful companies worry less about crushing the competition than about delighting their customers. Second, teamwork in most sports happens among players whose careers are short and whose loyalties last for the duration of their contracts. Companies should be focused on the long-term – on attracting the best people in their fields and on creating an environment where great people do their best work year after year.

Phones Lift Kenyans Out of Poverty

According to a study from the Massachusetts Institute of Technology (MIT), about 194,000 households have been lifted out of extreme poverty due to the availability of mobile-money services, which allow people to store and exchange money through cellphones.

SMILE-A-WHILE

**At the bank,
I told the cashier,
“I’d like to open
a joint account
please.”**

**“OK, with
whom?”**

**“Whoever has
lots of money”.**

Editor: Rafi Ahmed | **Deputy Editor:** Shahla Naqvi | **Designed by:** M. Jahangir Ishaq

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan

General Disclaimer: Data used in the Economic Letter is based on government sources besides recognised representative private sector trade bodies as reported in the print media. They are cross-checked before release. Yet an error or two may creep in, regrettable as they may be as part of human nature. Reporting is unopinionated. The Institute of Bankers Pakistan stands totally absolved of any error contained in the Economic Letter, either in reporting or composing.