



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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PAKISTAN

COUNTRY'S BANKING SCENARIO

Deposits Folder

Deposits and other accounts of scheduled banks stood at Rs. 11,287.43 bn after a 0.30 pc decrease over the last week's figure of Rs. 11,320.56 bn according to the weekly statement for the week ended June 9, 2017.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 5,981.55 bn, higher by 0.04 pc over the previous week's figure of Rs. 5,979.33 bn.

CPEC Going on Smoothly Despite Challenges

Pakistan has been smoothly implementing an ambitious plan to build an economic corridor with China, despite experiencing some challenges. China has promised \$ 57 bn in investment in projects along the CPEC, as part of its ambitious Belt and Road plan linking China with the Middle East and Europe. In addition to the investment pledges from China, Pakistan would invest close to \$ 10 bn. The economic corridor, to be completed in three phases by 2030, will boost Pakistan's energy security and infrastructure, helping it attract more foreign investment.

Pre-Eid Cash Withdrawals

Cash withdrawals from banks before Eid were higher than last year as consumers with an increased disposable income enjoyed a pre-Eid shopping spree. These withdrawals that can be quantified with limitations and that too after a lag of time, form part of the huge Eid economy, its size is estimated to be between Rs. 500 bn and Rs. 1 tn. Higher economic growth in GDP and increase in people's disposable income have also been key factors in boosting these withdrawals. Besides, drastic improvement in law and order situation also contributed towards this boom.

Pakistan's Population Dynamics

According to a recent United Nations Population Fund report, out of 200 mn people, 63 pc of Pakistan's population comprises of youth. Of these, 58.5 mn are 20-24 year olds while 69 mn are aged under 15 years. In terms of employment, The Pakistan Economic Survey 2015-2016 estimates that the total labour force increased from 59.7 mn in 2012-2013 to 61 mn in 2014-2015. Meanwhile the

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 months)

	Bid%	offer%
BEGINNING	5.89	6.14
ENDING	5.90	6.15
CHANGE	+0.01	+0.01

Foreign Exchange Rates

	GBP(£)	EURO(€)	USD(\$)
BEGINNING	PKR 134.25	PKR 117.50	PKR 105.90
ENDING	PKR 136.20	PKR 119.80	PKR 105.80
CHANGE	+1.95	+2.3	-0.1

Pakistan Stock Exchange

100 Index

BEGINNING	46,332
ENDING	46,565
CHANGE	+233

Gold Rate

(10 gm)

BEGINNING	PKR 43,114
ENDING	PKR 43,114
CHANGE	000



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total number of employed people increased from 56 mn to 57.4 mn. Now Pakistan can boast of being the fifth largest young country in the world.

Online Sales Gathering Pace

Pakistan's online consumer economy is growing rapidly along with the diverse middle class and in three years the e-commerce sector is expected to surpass \$ 1 bn. Using Amazon as an inspirational example, this has created a growing trend in online shopping websites in Pakistan like Daraz.pk, Kaymu.pk and Yayvo.com. These online marketplaces are tapping into the growing consumer market by providing everything they could possibly need, ranging from beauty and electronic products, hotel bookings and home appliances and furniture to everyday groceries. With the use of 3G and 4G Smartphones, the proportion of digital shoppers is expected to boost online shopping.

Exports to Indonesia Rise

Pakistan's exports to Indonesia jumped 86 pc year-on-year to \$ 91 mn in the first four months of the current fiscal year, mainly on the back of a rise in kinnow exports according to the commerce ministry data. Kinnow exports more than doubled to \$ 48 mn during four-month period after Pakistan convinced Indonesia to lift a ban on kinnow imports. Export of products like raw cotton, 100 pc broken rice, woven fabrics, sardines (a protein rich fish), leather and copper scrap are also on the rise and are likely to end the fiscal year with a high growth.

INTERNATIONAL

China Tells Banks to Push Forward with Reforms

China's top banking regulator has directed banks to reform by tackling China's zombie firms control regional housing market bubbles and push forward with debt to equity swaps, according to a statement posted on the regulator's website recently. The Chinese President Xi Jinping called on China's regulators to ward off systematic risks in the financial system.

MANAGEMENT & INFOTECH CORNER

Google a Big Winner in E - Advertising Revenue

One third of all the money spent on advertising in the US is now spent online, according to research from the firm Zenith. And about half of those advertising dollars go to Google.

Where You Sit Can Make You More Productive

To improve worker performance, employers invest in everything from rewards and incentives to education and training. But there is a surprisingly simple way to increase productivity, one that is low cost and has an immediate effect: better office seating arrangements. Recent research suggests that whom you sit next to affects how you perform and can improve work quality. So if you tend to focus on quality (you produce superior work but do so slowly), try to sit next to someone who completes tasks quickly. The two of you will probably influence each other. (Adapted from *Want to Be More Productive? Sit Next to Someone Who Is*, by Jason Corsello and Dylan Minor-Harvard Business Review)

Did You Know...

Some Countries that Only Use a Foreign Currency

The following countries have adopted US dollar as their currency:

Ecuador, East Timor, El Salvador, Marshall Islands, Micronesia, Palau, Turks and Caicos, British Virgin Islands and Zimbabwe. The US dollar is the most widely used currency in the world, with many countries employing it as an accepted alternative to their own currency. But some have simply adopted the currency as their own, notes and all, in what is known as 'dollarization'. They don't have control over the currency—only the Federal Reserve in Washington sets monetary policy. Both Ecuador and El Salvador adopted the US dollar in 2000, following the creation of free-trade blocs like NAFTA and the EU and the



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debut of the euro, making even the notion of a single currency for the hemisphere more plausible and attractive.

Tagalog - one of the most difficult languages



An Austronesian language, Tagalog is the language spoken by almost a quarter of the total population of the Philippines. Its grammar and uncommon sentence structure make it quite difficult to master.

China Industrial Profits Growth Accelerates

China's industrial profits rose 16.7 pc in May from a year earlier as global demand improved, helping to fill companies' order books. Earnings increased to 626 bn yuan (US\$91.5 bn), the National Bureau of Statistics said recently. That compares with a 14 pc gain in April and 8.5 pc growth last year. Economists forecast slower factory inflation in China in the second half this year, which would dent industrial profits and further erode the global reflation process that had been underway since last year. Still, China's exports remain robust as demand in U.S. and European markets improves, helping to boost economic sentiment. According to a report written by China International Capital Corp. (CICC) economists led by Liang Hong, ongoing economic reforms may help support China's longer-term growth prospects and accelerate China's transition to a consumer-driven economy. CICC said they maintain the forecast that gross domestic product will expand at 6.8 pc this year.

SMILE-A-WHILE

Client: How much will you charge for answering two questions?

Lawyer: Two hundred dollars. What is the second question?

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