



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Volume 12, Issue No. 23 | Date: June 09, 2017

PAKISTAN

BANKING SCENARIO

Deposits

Deposits and other accounts of all scheduled banks stood at Rs. 11,163.34 bn after a 0.14 % decrease over the previous week's figure of Rs 11,179.26 bn according to the weekly statement of scheduled banks for the week ended May 19, 2017.

Credit

Gross Advances of scheduled banks stood at Rs. 5,909.59 bn higher by 0.61 % over the preceding week's figure of Rs 5,869.52 %.

Notes in Circulation

Notes in circulation stood at Rs. 3,865.90 bn during the week ended May 19, according to the State Bank of Pakistan, against Rs. 3,858.34 bn a week earlier showing a rise of 0.20%.

SBP to Issue Fresh Currency Notes Via SMS Service

In order to facilitate the general public in acquiring fresh currency notes on the eve of forthcoming Eid-ul-Fitr, the State Bank of Pakistan's SMS services will be operational from June 12, 2017. As per previous practices, the SBP in collaboration with Pakistan Banks Association has introduced a mobile SMS service for issuance of fresh currency notes to general public. The services will commence from June 12 and continue up to June 23, 2017 to facilitate the masses for obtaining new currency notes. The system will start accepting messages from June 11, 2017.

Country's GDP growth to be closer to 5%

Pakistan GDP growth is expected to be closer to 5% in both fiscal 2017 and 2018, as analyzed by Moody's Investors Service. The credit rating agency in a report on Pakistan's budget commitment to moderate deficit is credit positive and targets are ambitious. Moody said that the GDP growth target of 5.3%, driven by a significant increase in developing spending related to the CPEC project, is primarily for energy and transportation infrastructure.

Textile, Clothing Exports Rise

The Ministry of Textile Industry has released data which showed that textile and clothing exports rose by 6.2% to \$ 1.064 bn in March 2017 compared to \$ 995.33 mn in Feb 2017.

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 135.75	PKR 118.50	PKR 105.90
ENDING	PKR 136.80	PKR 118.80	PKR 105.90
CHANGE	+1.05	+0.3	+0.0

Pakistan Stock Exchange

	100 Index
BEGINNING	48,555
ENDING	49,526
CHANGE	+971

Gold Rate

	(10 gm)
BEGINNING	PKR 42,814
ENDING	PKR 43,114
CHANGE	+300



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Pakistan Among Top Three Dairy Producers

The Food and Agriculture Organization (FAO) of the UN says on the occasion of World Milk Day which was celebrated on June 1, that Pakistan is among the three countries in Asia and Pacific region which are the world's top dairy producing countries. According to Pakistan Economic Survey 2016-17, milk production is on increase and the gross production of milk is estimated to be 56,080,000 tonnes.

SECP Enrolls 926 New Companies

The Securities and Exchange Commission of Pakistan (SECP) registered the highest number of new companies in May with 926 new enterprises, witnessing an increase of 44% as compared to same month of the preceding year. During the first eleven months of the current fiscal year (2016-17), 7688 new companies were registered. As compared to the corresponding period last year, it represents a growth of 35%.

INTERNATIONAL

Deutsche Bank to Support China's One Belt and One Road

Deutsche Bank, Germany's biggest lender announced that it would support \$ 3 bn worth of development projects in partnership with China Development Bank (CDB).

China's Yuan Rises

China's Yuan surged to near seven-month high, reinforcing views that the central bank will no longer tolerate much depreciation against the dollar and is setting the currency on a firmer path. Spot yuan strengthened through 6.8 per dollar for the first time since November 11, 2016 and settled down at 6.8061 by the close of trade in China.

FDI Jumps on Rising Chinese Investment

The combined foreign direct investment (FDI) to Pakistan rose by 56% last year, pulled by China's rising investment

in infrastructure under China-Pakistan Economic Corridor (CPEC). Some of the under-construction CPEC projects have also attracted a large amount of foreign investment, especially in electricity generation and transport. This is according to a report titled 'World Investment Report 2017: Investment and Digital Economy of UNCTAD'. For the first time, China was the world's second largest investor as FDI outflows surged by 44% to \$ 183 bn, a new high. Developing Asia remained the second-largest FDI recipient in the world with China, Hong Kong, Singapore and India ranking among the top 10 FDI host economies. FDI outflows from developing Asia rose by 7 % to \$ 363 bn mainly because of surging outflows from China.

EU Maps Out More Unified Eurozone

Encouraged by the victory of French President Emmanuel Macron, the EU unveiled a raft of controversial ideas for improving the often dysfunctional European single currency. One big idea floated by the commission is to introduce a permanent president of the Eurogroup, the grouping of eurozone finance ministers that decides common policy for the currency area. The paper also urges the completion of the eurozone banking union that was created in the heat of the debt crisis amid catastrophic bank failures in Ireland, Spain and Greece.

India's Annual Growth Slows

India's growth rate slowed to 7.1% last year according to official data just released. It follows the government's shock move last November to ban most of the currency in circulation. The demonetization has an impact on the overall growth for the economy.

South African Economy

South Africa's economy is the second largest in Africa, after Nigeria. It is a middle-income emerging market with an abundant supply of natural resources, well-developed financial, legal, communications and transport sectors. The economy is reasonably diversified. It is the world's largest producer of platinum, gold and chromium and is one of the



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world's leading mining and mineral-processing countries. It is amongst the G-20 and the only African member of the group.

MANAGEMENT & IT FOOTPRINTS

India's IT Sector Layoffs

The IT analysts in India have warned of massive layoffs across the country's multi-billion dollar information technology sector. IT outsourcing has long been one of India's flagship industries but experts say automation, a failure to keep up with new technologies and US President's clampdown on visas is creating industry-wide upheaval. The Industry employs nearly four million Indians and rakes in revenues of more than \$ 150 billion according to trade body National Association of Software and Services Companies (Nasscom).

To Keep an Argument from Escalating, Get Some Perspective

Psychologists have found that people use better reasoning strategies when they distance themselves from how they currently feel and consider what a situation means in the long run. So the next time you disagree with a colleague, try to see the conflict from a third-person perspective. What would someone outside the situation say about your disagreement? Or think about how you will feel about the conflict in a week, a month or a year. Considering the future encourages you to step away from the present moment, which may be full of negative emotions, and helps you put the situation in context. (Adapted from *To Defuse an Argument, Think About the Future*, by Alex C. Huynh).



Quaid-e-Azam opening the lock of the door of State Bank of Pakistan (SBP), July 01, 1948

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

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

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