



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

Volume 12, Issue No. 29 | Date: July 21, 2017

PAKISTAN COMPENDIUM

BANKING SCENARIO

Deposits Folder

Deposits and other accounts of all scheduled banks stood at Rs. 11,980.69 bn on June 30, a rise of 2.34 pc over the preceding week and 14.5 pc over the comparable period of the last year.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 6,176.31bn, higher by 2pc over the preceding week's figure of Rs. 6,056.18 bn. Compared with last year's corresponding figure of Rs. 5,270.97 bn, current week's figure was higher by 17.2 pc.

Pakistani Student Receives the Queen's Young Leaders Award

A talented student and tech entrepreneur from Pakistan, Syed Faizan Hussain, has received the Queen's Young Leaders Award. The 23-year-old has been recognized for his work to support the use of technology in health related solutions. It is an annual award that looks for people aged between 18-29 years from Commonwealth nations and acknowledges them for their leadership potential. The award was established via the Queen Elizabeth Diamond Jubilee Trust, Comic Relief and the Royal Commonwealth Society in 2014. Faizan has founded a number of startups, including Edu-Aid – a system that can translate sign language to spoken language and One Health – a mechanism which can be used for disease surveillance and tracking to support medical institutions in dealing with epidemic outbreaks. The young entrepreneur has also worked as a teacher with over 200 students from underprivileged backgrounds to train them in computer programming skills. During the ceremony held at the Buckingham Palace in the UK on June 30, Faizan was the only Pakistani to join the list of winners from across all Commonwealth countries.

Foreign Investment Hits 8-Year High

Foreign direct investment (FDI) increased 4.6 pc to \$2.41 bn in 2016-17, according to data released by the State Bank of Pakistan (SBP) recently. China emerged as the top investor during the last three years with the onset of the China-Pakistan Economic Corridor (CPEC). FDI from China in 2016-17 was \$1.18 bn, almost half of the total inflows received throughout the year. The government expects the CPEC will stabilize the economy in the long run as its

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 months)

| | Bid% | offer% |
|-----------|------|--------|
| BEGINNING | 5.89 | 6.14 |
| ENDING | 5.89 | 6.14 |
| CHANGE | 0 | 0 |

Foreign Exchange Rates

| | GBP(£) | EURO(€) | USD(\$) |
|-----------|------------|------------|------------|
| BEGINNING | PKR 137.00 | PKR 120.80 | PKR 106.50 |
| ENDING | PKR 138.00 | PKR 122.30 | PKR 107.10 |
| CHANGE | +1 | +1.5 | +0.6 |

Pakistan Stock Exchange

| | 100 Index |
|-----------|-----------|
| BEGINNING | 44337 |
| ENDING | 45294 |
| CHANGE | 957 |

Gold Rate

| | (10 gm) |
|-----------|------------|
| BEGINNING | PKR 43,200 |
| ENDING | PKR 43,585 |
| CHANGE | +385 |



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large-scale projects bear fruit. A Dutch company bought a majority stake in Engro Foods for \$463 mn, which made Netherlands the second biggest foreign investor. Turkey invested \$135 mn, France \$119 mn, United States \$71 mn and United Kingdom \$69 mn.

Telecom Sector

The telecom sector has contributed Rs. 582.95 bn to the national exchequer during the last three and half years, making it one of the most significant sources of revenue for the federal government.

WTO Vote in Pakistan's Favor

Upholding Pakistan's position on export promotion policies last week, the Geneva-based World Trade Organization dispute settlement system has rejected the European Union's decision of countervailing duties imposed on imports of polyethylene terephthalate from Pakistan. The EU had imposed countervailing duties on the import of polyethylene terephthalate (PET) from Pakistan, Iran and the United Arab Emirates in June 2009. PET is used in plastic food and beverage containers.

China Pushes Forward On SEZs

China has informed the government of forming a group of experts to decide setting up of the exact number and types of special economic zones (SEZs) along the CPEC route in the first phase. During the last meeting of the Pak-China Joint Cooperation Committee (PCJCC) held in Beijing, setting up of nine SEZs had been prioritized. It had been decided that the two countries would set up expert groups to deliberate how to build the priority zones. China has already built four special economic zones followed by developing 14 coastal cities, and subsequently, 14 industrial zones were developed. The proposed prioritized SEZs by Pakistan are to be reviewed by expert groups of the two countries for development in the initial phase. China has rich experience in developing zones and Pakistan can learn much from Chinese experience.

SMILE-A-WHILE

What's 2+2?

ENGINEER: "It lies between 3.98 and 4.02"

MATHEMATICIAN: "In 2 hours I can demonstrate it equals 4 with the following proof."

PHYSICIST: "It's magnitude of 1×10^1 ."

LOGICIAN: "This problem is solvable."

SOCIAL WORKER: "I don't know the answer, but I'm glad we discussed this important question."

ATTORNEY: "In the case of Smith vs State, 2+2 was declared to be 4."

TRADER: "Are you buying or selling?"

ACCOUNTANT: "What would you like it to be?"



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INTERNATIONAL ARENA

Greece Gets EU Budget Approval

After eight years of toil by the Greek people, the EU says Greece's budget is no longer breaking the bloc's rules. Recommendation from the EU Commission to end the so-called excessive deficit procedure on Greece comes after a sharp improvement in the country's finances following years of spending cuts and tax increases and a recession that saw a quarter of the economy wiped out and unemployment and poverty levels swell. Greece is now ready to exit the Excessive Deficit Procedure, turn the page on austerity and open a new chapter of growth, investment and employment.

Germany Tightens Rules to Shield Businesses From Foreign Takeovers

Germany has approved rules to make it easier to block the sale of strategically important companies to investors from outside the European Union, prompted by concerns about China acquiring German expertise by that route. The new regulations, which come amid fears of rising protectionism hurting world trade, allow the government to block takeovers if there is a risk of important know-how being lost abroad. The rules do not need parliamentary approval. Germany remains one of the most open economies in the world, but it also needs to take fair competitive conditions into consideration. The purchase of German robotics maker Kuka by Chinese company Midea last year fueled concerns that China was gaining access to key technologies while shielding its own companies from foreign takeovers.

Brazil Blues

Brazil's economy virtually crashed last year owing to a collapse in global commodity prices, a widening budget deficit, stubbornly high inflation and the corruption scandal at the state-controlled oil company. Most predictions now suggest the economy will shrink by 3.9 pc this year, following last year's 3.8 pc contraction, the worst in 25 years. As Latin America's largest economy struggles with

KALEIDOSCOPE

River Nile- The Longest River in The World - 4135 Miles

Flowing northward through the tropical climate of eastern Africa and into the Mediterranean Sea, the Nile river is the longest river in the world at 4,135 miles (6,650 kilometers). The Nile runs through Egypt, as well as nine other African nations Sudan, Eritrea, Ethiopia, Uganda, Kenya, Tanzania, Rwanda, Burundi and the Democratic Republic of Congo.

World's Shortest Roe River

The Roe River runs between Giant Springs and the Missouri River in Great Falls, Montana, United States. It is only 201 feet (61 m) at its longest constant point.

River with the Shortest Name

Po is a river that flows eastward across Italy and has a length of 405 miles (652 km).



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political turmoil that is likely to obstruct policy measures needed to lift it out of the steep and lengthy downturn, the OECD expects Brazil's recession to extend into 2017.

MANAGEMENT & INFOTECH CORNER

Avoid Confirmation Bias

As a leader, it is rare luxury to have all of the relevant data before making a decision. More often you make a call with incomplete information, which leaves you open to confirmation bias – meaning you pay attention to data that supports the decision you have made and dismiss data that does not. To avoid this trap, take some time before executing your decision and ask yourself what would have happened if you had made the opposite choice. Gather the data you would need to defend this opposite view, and compare it with the data used to support your original decision. Re-evaluate your decision in light of the bigger data set. (Adapted from *Root Out Bias From Your Decision-making Process* by Thomas C. Redman-Harvard Business Review)

Venture Capital Gap

According to recent studies, women entrepreneurs in the US own about 38 pc of the businesses but get only about 2 pc of the available venture capital funding.

Recycling an Entire Campus

In order to minimize waste, Apple developed its own concrete plant at its new headquarters — the former Hewlett-Packard campus. The company ground up and recycled about 95 pc of HP's buildings and parking lots on site and used the material in its new facility.

Visa Applications Decline

Applications for H-1B visas, which allow foreigners with certain skills to work at American companies for up to six years, fell by 37,000 in the last year, according to government statistics.

A World of Data

The firm IDC estimates that by 2020, the world could be producing about 44 zettabytes of data on a daily basis, which is equal to about 44 trillion gigabytes. (A zettabyte is a multiple of the unit 'byte' for digital information).

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