



Economic Letter

a weekly publication of The Institute of Bankers Pakistan

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PAKISTAN COMPENDIUM

BANKING SCENARIO

Deposits Folder

According to the weekly statement of position of all scheduled banks for the week ended September 08, 2017 deposits and other accounts of all scheduled banks stood at Rs. 11,593.328 bn after a 0.60 pc decrease over the preceding week's figure of Rs. 11,661.904 bn. Compared with last year's corresponding figure of Rs. 10,144.515 bn, the current week's figure was higher by 14.28 pc.

Credit Portfolio

Gross advances of all scheduled banks stood at Rs. 6,029.679 bn, lower by 0.52 pc over the preceding week's figure of Rs 6,061.510 bn. Compared with last year's corresponding figure of Rs. 5,049.869 bn, current week's figure is higher by 19.40 pc.

OGDCL Discovers Gas in Sindh

Oil and Gas Development Company Ltd. (OGDCL) has discovered gas and condensate from its exploratory well Tando Allah Yar South West 1, which is located in Hyderabad district. In a press release recently, the company said it is the operator in this joint venture having 95 pc working interest. The remaining 5 pc rests with Government Holdings Ltd. The structure of the well was delineated, drilled and tested using OGDCL's in-house expertise. The well was drilled down to the depth of 3,250 m. The well has tested 10 million standard cubic feet per day of gas and 72 barrels per day of condensate.

Value-Added Textiles Fueling Export Growth

The recently released textile export numbers provide room for some optimism regarding the future trajectory of the sector. Textile exports for Aug 2017 amounted to \$1.17 billion, which is a 9 pc increase on a year-on-year basis. Similarly, a healthy boost was witnessed on a month-on-month basis with textile exports picking up by 16 pc as compared to July 2017. For the 2MFY18, there has been a 6 pc increase as compared to the corresponding period in the previous year, there was a boost in the value-added segments including readymade garments, knitwear, towels and bedwear. The highest growth was witnessed in knitwear at 21 pc whereas bedwear and towels grew by 15 and 12 pc on a year-on-year basis respectively.

MARKETS AT A GLANCE

Rates are taken till Thursday 5:00 pm

KIBOR (6 months)

	Bid%	offer%
BEGINNING	5.92	6.17
ENDING	5.92	6.17
CHANGE	0	0

Foreign Exchange Rates

	GBP(£)	EURO(€)	USD(\$)
BEGINNING	PKR 141.80	PKR 125.00	PKR 105.90
ENDING	PKR 142.25	PKR 124.30	PKR 106.00
CHANGE	+0.45	-0.7	+0.1

Pakistan Stock Exchange

	100 Index
BEGINNING	42,750
ENDING	42,362
CHANGE	-388

Gold Rate

	(10 gm)
BEGINNING	PKR 44,614
ENDING	PKR 44,914
CHANGE	+300



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Chinese Keen To Explore CPEC Partnerships

Chinese businessmen are keen to explore investment opportunities, joint ventures and partnerships, with particular focus on the China-Pakistan Economic Corridor (CPEC) projects, said Kashgar Chamber of Commerce and Industry Vice-President Zhang Shu Zhi recently. Speaking at the Islamabad Chamber of Commerce and Industry (ICCI), Mr Zhi, who is leading a Chinese business delegation to Pakistan, said the two sides have agreed to work in the fields of roads construction, building materials, cement manufacturing, travelling and logistics, electricity generation, decoration material, food products. He said the private sectors of Pakistan and China should develop close cooperation to draw maximum benefits from CPEC-related projects and explore untapped areas for mutual collaboration. It was also reported that they should interact on a regular basis to explore viable business matchmaking as well as to actively participate in CPEC projects. He said that many sectors of Pakistan's economy including construction, building materials, cement production, energy, infrastructure development and logistics offer lucrative investment opportunities.

SBP Guidelines For Clearing Operations

The State Bank of Pakistan (SBP) issued guidelines for banks and microfinance banks recently for clearing operations to help the general public quickly realize funds in their accounts. The SBP asked banks and microfinance banks involved in the clearing of rupee payment instruments to facilitate accountholders. New guidelines will be effective from Jan 1, 2018. Banks and microfinance banks have been advised to credit customers' accounts within the timeline defined in the guidelines. In case they fail to do so, they will be obliged to compensate customers for the delayed period. Banks and microfinance banks have also been advised to make arrangements for the centralized clearing of their intercity instruments through designated branches in cities where they are present to reduce the clearing time due to the physical movement of instruments accounts.

Pakistan's Trade Surplus with Neighboring Countries (July-August 2017)

Country	Pakistan's Exports	% rise Y-o-Y	Imports
Afghanistan	\$213 mn	66.0	\$ 15 mn
Iran	\$ 5 mn	17.4	\$ 0.236 mn
Sri Lanka	\$49.3 mn	31.0	\$11.1 mn
Bangladesh	\$105 mn	4.0	\$ 6.5 mn

Asia & Oceania: GDP/Unemployment Rates

Country	GDP, % change on a year ago			Unemployment rates, % - Latest
	Latest	2017	2018	
Australia	+1.8 ₀₂	+2.3	+2.7	5.6 _{Aug}
China	+6.9 ₀₂	+6.8	+6.5	4.0 ₀₂
Hong Kong	+3.8 ₀₂	+3.1	+2.2	3.1 _{Aug}
India	+5.7 ₀₂	+7.0	+7.5	5.0 ₂₀₁₅
Indonesia	+5.0 ₀₂	+5.2	+5.4	5.3 ₀₁
Japan	+1.4 ₀₂	+1.6	+1.3	2.8 _{Jul}
Malaysia	+5.8 ₀₂	+5.4	+5.0	3.5 _{Jul}
New Zealand	+2.5 ₀₂	+2.8	+2.5	4.8 ₀₂
Pakistan	+5.7 ₂₀₁₇	+5.7	+5.4	5.9 ₂₀₁₅
Philippines	+6.5 ₀₂	+6.5	+5.6	5.6 ₀₃
Singapore	+2.9 ₀₂	+2.9	+2.1	2.2 ₀₂
South Korea	+2.7 ₀₂	+2.9	+2.7	3.6 _{Aug}
Taiwan	+2.1 ₀₂	+2.3	+1.3	3.8 _{Aug}
Thailand	+3.7 ₀₂	+3.5	+3.1	1.2 _{Jul}
Vietnam	+6.2 ₂₀₁₆	+6.3	+6.5	2.3 ₂₀₁₆

(Source: The Economist - % change on a previous quarter, annual rate a year ago - for the years 2017-2018, the rates are based on forecasts.)



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INTERNATIONAL ARENA

Oil Hits Highest Since July 2015

Oil prices hit a more than two-year high recently after major producers said the global market was on its way towards rebalancing, while Turkey threatened to cut oil flows from Iraq's Kurdistan region toward its ports. The November Brent crude futures contract was up \$1.51, or 2.5 pc, at \$58.37 a barrel, its highest since July, 2015. US West Texas Intermediate crude for November delivery rose \$1.02, or 2pc, to \$51.68 a barrel, close to highs last seen in May. Even as both contracts rallied, concerns about US production growth weighed on WTI, widening the spread between the two. The discount of the WTI to Brent futures widened to \$6.61, the widest since August 2015. Turkey has said it could cut off a pipeline that carries oil from northern Iraq to the global market, putting more pressure on the Kurdish autonomous region. If this boycott call proves successful, a good 500,000 fewer barrels of crude oil per day would reach the market, Commerzbank said in a note.

Trudeau Sees Tough NAFTA Talks Ahead

Some tough days are ahead for negotiators trying to modernize the NAFTA trade pact as stated by the Canadian Prime Minister, Justin Trudeau and the talks could meet a year-end deadline. Officials from the United States, Mexico and Canada are in Ottawa for the third of seven planned rounds of talks. The US delegation has yet to present its proposals on some of the toughest issues, prompting concerns the process to update the 1994 pact could drag on longer than planned. The negotiations are still under way and of course there will be more difficult discussions in some cases than others, as reported. US trade negotiators will only partially unveil new text in Ottawa on modifying a key chapter on investment under the North American Free Trade Agreement (NAFTA).

Greece Needs Wrap-up Reforms

Greece must wrap up its review of economic reforms 'before the end of the year' in order to exit its huge bailout 'cleanly', the head of a group of Eurozone finance ministers

said recently. Following talks with Greek government leaders in Athens, the Eurogroup chairman Jeroen Dijsselbloem was of the view that they share a strong joint commitment to rapidly conclude the review before the end of the year. Greece has received two multibillion euro bailouts since 2010. The third rescue program, currently financially supported by European Union states alone, runs to August 2018 and Athens then hopes to fully return to market financing. It is feasible and should be done, Mr. Dijsselbloem said after meeting Greek Prime Minister Alexis Tsipras and finance minister Euclid Tsakalotos. In order to get the green light from its creditors to release the agreed loans, Greece is expected to fulfil 95 commitments by December 2017 including reforms to the civil service and social benefits, measures to free the energy market, and an acceleration of privatization.

LIMELIGHT

Large-scale manufacturing (LSM) posted a robust growth of nearly 13 pc year-on-year in the first month of this fiscal year against the projected target of 6.3 pc, the Pakistan Bureau of Statistics (PSB) data showed recently.

The higher than expected LSM growth suggests that the government is likely to achieve the 6 pc GDP growth target set for the current fiscal year.

In 2016-17, the LSM expanded 5.6 pc. LSM constitutes 80 pc share within manufacturing and 10.7 pc in the overall GDP.



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MANAGEMENT & INFOTECH CORNER

World Highest ATM at 15396 Ft.

The National Bank of Pakistan (NBP) has set a new Guinness World Record for installing the world's highest ATM (automated teller machine) at 15,396 feet at the Pak-China border, Khunjerab Pass in Gilgit-Baltistan.

How to Get Out of a Creativity Rut

Creativity can fade when you get bored or discouraged at work. To get your creative juices flowing again, change your habits: Make an effort to try something new every month. Meet new people at work. Talk to new clients. Look for intersections — places where your department's work overlaps with another's. Volunteer for a cross-functional activity. And seek out obstacles as opportunities for research and analysis. (Why is it there? Whom does it serve? What are its effects? What are other ways of getting the results you're looking for?) Start by selecting obstacles you can change, and continue on from there. Find ways to share what you know with others — write an article, lead a training session, or mentor a young upstart. (Adapted from *How to Spark Creativity When You're in a Rut*, by Priscilla Claman-HBR)

Don't Rely on Your Boss

It's tempting to escalate conflicts to the boss. Can't agree on how to prioritize projects or on which deadlines need to shift? Ask the team leader to step in and make the call. But it's better for everyone — you, your teammates and your boss — if you can solve issues without always involving the higher-ups. Treat conflict not as an annoyance that leads to

anxiety and alienation but as an opportunity for growth. Ask everyone on your team to commit to discussing any differences openly—and then model the right behaviour. Calmly share your ideas with the group, even when they clash with a co-worker, and refuse to point fingers when a disagreement arises. (Adapted from *How Self-Managed Teams Can Resolve Conflict*, by Amit Maimon - HBR)

Don't React Right Away on Feedback

Maybe it's your performance review. Or advice (solicited or otherwise) from a colleague. Whatever the feedback was, you might be tempted to launch into a well-reasoned rebuttal, it's better not to react right away.

— Give yourself time to understand what the person is trying to convey.

— Ask clarifying questions such as "When you say 'creative,' can you tell me more about what you mean?" You might also ask a trusted friend (but not someone who only tells you what you want to hear) whether the feedback rings true.

— Once you fully understand the message and have taken the time to consider it, then you can decide how to respond. (Adapted from *Responding to Feedback You Disagree With* by Sheila Heen and Debbie Goldstein - HBR)

Gender and Salary History

According to US data from PayScale, when women were asked in job interviews to disclose their salary histories, the ones who refused were offered 1.8 pc less than the ones who did disclose. For men, refusing to disclose a previous salary history yielded an offer 1.2 pc higher than men who disclosed.

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