



# ECONOMIC LETTER

a weekly publication of The Institute of Bankers Pakistan

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VOLUME 15 | ISSUE 44 | OCTOBER 29, 2020

A Company Set Up Under Section 42 of the Companies Act, 2017

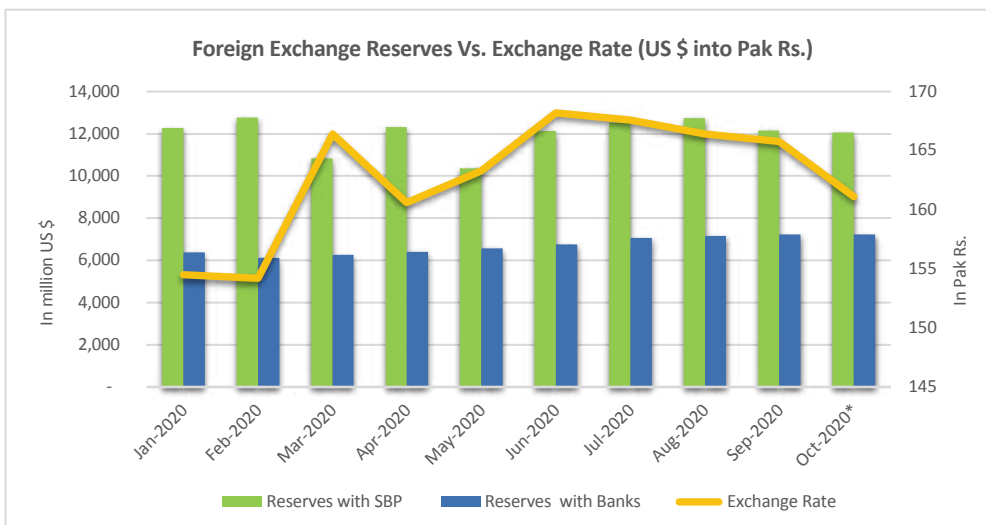
## PAKISTAN TIDINGS

### COVID-19: Impact of SBP's Measures as of October 22–26, 2020

Loans Deferred	RS. 655.0	Loans Approved for Investment	RS. 141.0
Loans Restructured	RS. 199.0	Bank Branches Open	96 per cent
Loans Approved for Wages	RS. 232.0	ATMs' Availability	96 per cent
Loans Approved for Hospitals	RS. 8.0		(Rs. in billion)

### Dollar's Slide Continues Against Rupee; Down Rs. 7.0 Since August

The dollar continued its downward trend against the local currency on Friday as it lost 4.2 per cent since August 2020, reflecting the improvement in external indicators. The dollar was traded at Rs. 161.37 losing 45 paise after depreciating throughout the week. Cumulatively, the dollar has lost over Rs. 7.0, or 4.2 per cent, from Rs. 168.43 in August 2020. Currency experts in banks and open market said the rupee has gained due to improved data of external account which increased the foreign exchange reserves of the country while the demand was also down. "The dollar is coming down against the rupee due to several reasons including the improved external indicators like current account surplus and lower outflow from the country," said Malik Bostan, President of Forex Association of Pakistan.



\* Oct-2020: Forex Reserves are upto October 16 and Exchange Rate is for October 29, 2020. All other data is of end-month figures.

## MARKETS AT A GLANCE

Rates are taken till Thursday, October 29, 2020\*

### MONETARY POLICY RATE

**7pc** | Effective from June 25, 2020

### KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	7.10	7.35
ENDING	7.10	7.35
CHANGE	0	0

### FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 211.22	PKR 191.05	PKR 161.37
ENDING	PKR 208.16	PKR 187.96	PKR 160.26
CHANGE	-3.06	-3.09	-1.11

### PAKISTAN STOCK EXCHANGE

100 Index	
STARTING	41,266
ENDING	39,888
CHANGE	-1378

### GOLD RATE

(10 GM, 24K)	
STARTING	PKR 99,822
ENDING	PKR 97,029
CHANGE	-2793

\*Due to public holiday on Friday on account of Eid Milad-un-Nabi



## Pakistan's Major Economic Indicators

REAL SECTOR (GROWTH IN %)	FY 2018 F	FY 2019 R	FY 20 P	FY 2020 T
Real GDP	5.5	1.9	-0.4	4.0
Agriculture Sector	4.0	0.6	2.7	3.5
Industrial Sector	4.6	-2.3	-2.6	2.3
Services Sector	6.3	3.8	-0.6	4.8
CPI INFLATION (YoY%)	FY19	FY2020 PA	AUG 2020	SEP 2020
National	6.8	10.7	8.2	9.0
Urban	7.1	10.2	7.1	7.7
Rural	6.3	11.6	9.9	11.1
FOOD INFLATION-Urban	4.6	13.6	11.3	12.4
FOOD INFLATION-Rural	4.8	15.9	13.5	15.8
CURRENCY IN CIRCULATION {Flows} (in Billion Rupees)	FY19	FY20	JUL 1 - OCT 16, 2020	
	562.210	1,191.977	91,820	

P-Provisional | PA-Period Average  
F-Final | R-Revised | T-Target

Data Sources: SBP/PSB/ESP/3rd Quarterly Report  
on Pakistan's Economy-2019-2020-SBP

### SBP Issues Instructions on Disinvestment Proceeds

The State Bank of Pakistan (SBP) has introduced a new mechanism to enable companies in Pakistan to conveniently remit out disinvestment proceeds to their foreign shareholders. As per the previous mechanism, a designated bank required prior approval of the State Bank for remittance of disinvestment proceeds above market value, for listed securities and above breakup value for unlisted securities. This requirement presented numerous constraints for investors. Under the new mechanism, the bank designated by the company has been delegated the authority to remit the entire disinvestment proceeds to non-resident shareholders, upon submission of required

documents, by following a convenient mechanism without referring the case to SBP. The number of required documents would be in accordance with the size of the transaction. Further details may be seen at <https://www.sbp.org.pk/epd/2020/FEC5.htm>.

### Roshan Digital Account: A Landmark Initiative for NRPs

Non-resident Pakistanis (NRPs) appear to be making their way, albeit cautiously, in the stock market under Roshan Digital Accounts (RDA), which were announced by the State Bank of Pakistan (SBP) in August 2020. "So far 341 accounts have been opened for capital market investments and several others are in progress," says Suleiman S. Mehdi, Chairman



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## Banking Briefs – All Scheduled Banks

	(Rs. in billion)			% age change over	
	16-Oct-20	9-Oct-20	18-Oct-19	Previous Week	Corresponding Week
<b>Investments</b>	10,908.7	10,974.5	8,125.2	-0.60	34.25
<b>Gross Advances</b>	8,047.5	8,038.8	8,037.5	0.11	0.12
<b>Borrowings</b>	2,788.7	2,743.1	2,633.7	1.66	5.89
<b>Deposits and other accounts</b>	16,393.4	16,507.1	13,838.1	-0.69	18.47

of the Pakistan Stock Exchange (PSX). He said 25,000 bank accounts were opened under the scheme. Of these accounts, 382 were routed for equity markets. NRPs can now remotely open bank accounts in Pakistan through online digital portals without having to visit bank branches. They are not required to go through the hassle of paperwork. An overseas Pakistani who opens a stock investment account will be able to start trading within 24 hours. NRPs can fully repatriate their capital and returns any time. Mr. Mehdi calls the RDA a 'landmark initiative' by the SBP and Central Depository Company (CDC). "A total of 341 stock investment accounts have been opened by CDC while 41 accounts are about to be opened," he said, acknowledging that the Securities and Exchange Commission of Pakistan (SECP) and the PSX played a proactive role in approving the regulations. According to the latest figures, funds so far received for capital market investment are \$21.0 million.

### \$129.0 million Saved as Local Pulses' Production Rises

The country succeeded in saving \$129.0 million as import substitute by producing more pulses during the year, according to the Ministry of National Food Security and Research (MNFSR). The country produced an additional 76,000 tonnes of mung and 53,000 tonnes of gram as compared to last year. The production of mung was 132,008 tonnes in 2019 whereas this year the production increased to 208,006 tonnes, showing an increase of 57.1 per cent. Mung is grown in irrigated areas, with greater concentration in Khushab, Mianwali, Bhakkar and Layyah districts. There is a great potential in central Punjab and

Sindh to intercrop mungbean with spring plant sugarcane. Gram is the largest Rabi season pulse crop accounting for 71.4 per cent of the total pulses production in the country. The production of gram remained 11.43 per cent more than the previous year while area increased only by 0.8 per cent.

### Minimum Support Price Recommended for Wheat

Trying to strike a balance between rural and urban political and inflationary considerations, a sub-committee of the Economic Coordination Committee (ECC) of the Cabinet finalized Rs. 1,600/- per 40 kgs as minimum support price (MSP) for upcoming wheat crop. Earlier this week, the ECC had formed a sub-committee to thoroughly evaluate the proposal for an increase in the MSP of wheat for 2020-21 crop after disagreement over Rs. 1,745/- per 40 kgs support price proposed by the Ministry of National Food Security & Research (MNFSR).

### Economic Outreach Roadmap Envisages Improved Trade

The National Security Division (NSD) has created an economic outreach roadmap which will be processed through relevant ministries after assessing their potential, Special Assistant to the Prime Minister on National Security Moeed Yusuf said. Addressing at the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Yusuf — who is also the focal person for the Economic Outreach Programme — said a mapping exercise of ministries and government organizations has been initiated by the NSD which aims to identify Pakistan's comparative



advantage in priority countries, a press release issued by the FPCCI quoted the adviser as saying. Prime Minister Imran Khan has given this task to develop Pakistan's narrative and this task will be better coordinated with each and every ministry to harmonize our stance, according to the press release.

### Country's First Major Mass Transit Project Opens

The Orange Line Metro Train, the country's first electricity-run mass transit project, was inaugurated on 25th October 2020 in Lahore. Punjab Chief Minister Sardar Usman Buzdar, Chinese Consul General Long Dingbin and Transport Minister Jahanzeb Khan Khichi jointly inaugurated the project by pressing a button, allowing Punjab Mass Transit Authority (PMTA) to start commercial operation of the train service. The project is the first large-scale technologically advanced rail transit project under the Belt and Road Initiative and CPEC. The project was jointly undertaken by China State Railway Group Co. Ltd. and China North Industry Co. Ltd. (CR-NORINCO), with a total track length of 27.1 km and 26 stations, including two underground stations: one at Anarkali and the other at GPO.

## SNIPS

### COVID-19: Global Impact at Work

A recent global study conducted by ManpowerGroup revealed that: i) keeping their job is top priority for workers everywhere, ii) after health concerns, workers are most worried about returning to an old way of working, losing the flexibility they have gained, iii) 8 in 10 workers want to better balance work and family in future and, iv) 43 per cent workers believe this marks the end of the office 9-5. Most prefer 2-3 days a week in the workplace.

(Source: taken from the original study downloaded from the website of Manpower group: <https://go.manpowergroup.com>)

### Chronic Health Conditions and Coronavirus

Before the outbreak of COVID-19, non-communicable diseases, which include cancer, diabetes, cardiovascular diseases and chronic respiratory conditions, accounted for 71.0 per cent of global deaths and will remain problematic long after the pandemic ends, imposing a staggering fiscal toll on ministries of health.

## INTERNATIONAL SCENARIO

### Ant Group IPO Pricing 'History's Largest': Jack Ma

The mammoth dual listing for Chinese fintech giant Ant Group will be the world's biggest, according to a pricing determined on Friday night, Alibaba founder Jack Ma said. "It's the first time that the pricing of such a big listing — the largest in human history — has been determined outside New York City" he told the Bund Summit in the eastern financial hub of Shanghai. "We did not dare to think about it five years ago, or even three years ago. But a miracle just occurred," he told the audience, which included officials from China's regulators. He did not give exact details of the pricing which is expected to be officially announced next week. Backed by Chinese e-commerce giant Alibaba, Ant plans to list simultaneously in Hong Kong and on Shanghai's STAR Market in the coming weeks. Sources have said the listing could be worth \$35.0 billion, surpassing the record set by Saudi Aramco's \$29.4 billion float last December.

### PayPal to Allow Cryptocurrency Buying, Selling and Shopping on its Network

PayPal Holdings Inc joined the cryptocurrency market, allowing customers to buy, sell and hold bitcoin and other virtual coins using the US digital payments company's online wallets. PayPal customers will also be able to use cryptocurrencies to shop at the 26.0 million merchants on its network starting in early 2021, the company said in a statement. PayPal hopes the service will encourage global use of virtual coins and prepare its network for new digital currencies that may be developed by central banks and corporations, President and Chief Executive Dan Schulman said in an interview. "We are working with central banks and thinking of all forms of digital currencies and how PayPal can play a role," he said. US account holders will be able to buy, sell and hold cryptocurrencies in their PayPal wallets over the coming weeks, the company said. It plans to expand to Venmo and some countries in the first half of 2021. Other mainstream fintech companies, such as mobile payments provider Square Inc and stock trading app firm Robinhood Markets Inc, allow users to buy and sell cryptocurrencies, but PayPal's launch is noteworthy given its vast reach.



## WhatsApp Turns to Business Messaging to Generate Revenue

The world's most popular messaging service is pushing more aggressively into customer service features, including a pay-to-message option for businesses and says it is focusing on enterprise tools, not advertising. WhatsApp paused plans for targeted advertising late last year, surprising those who thought it would follow in line with its parent company. "Our focus has been on the business messaging products," says Matt Idema, WhatsApp's chief operating officer. He said WhatsApp still envisions ads inside Status, a feature on the app similar to Facebook's Stories, at some point. WhatsApp announced an update aimed at businesses that use its API, the software interface that lets companies manage message threads with their customers outside of the app, like through a third-party dashboard. WhatsApp currently charges some businesses a small fee – a few cents per message – to send users things like receipts and confirmation reminders through the app instead of email. Now WhatsApp will offer more API features, including free storage to host a business's messages, in hopes that more of them will sign up for the API.

"The honest and trustworthy merchant will be with the prophets, the truthful and the martyrs."

THE PROPHET MUHAMMAD 

## May Artificial Intelligence Unclog Your Mental Block at Work?

A new study from Oracle and HR research and advisory firm Workplace Intelligence shows that people are becoming more comfortable with robots helping them out. It says that the COVID-19 pandemic has indeed increased workplace stress, in addition to anxiety and burnout among employees and people are finding it apparently more comforting to have artificial intelligence-powered machines around them. Makes sense, since each person has to be experiencing stress in one form or another. Organizations must realise that now is the time to start discussing this and explore solutions, says Dan Schawbel, managing partner at Work-

place Intelligence. "With remote work expectations and blurred lines between personal and professional lives, the toll of COVID-19 on our mental health is significant and it is something that workers across every industry and country are dealing with," he wrote in the report. "The pandemic has put mental health front and centre, it is the biggest workforce issue of our time and will be for the next decade."

## MANAGEMENT VIEWS

### How to Build Gravitas

When people describe a colleague as having "gravitas," it typically means that they are taken seriously, their contributions are considered important and they are trusted and respected. Many people assume that gravitas is a quality you either have or you do not, but you can actually develop it in a way that feels authentic to you. First, you have to be able to articulate your goals and values. Ask yourself, "If someone were to describe me, what would I want them to say?" You also need to be receptive to feedback, so actively seek it out. Ask those who work with you, "what could I do differently to make my leadership and our working relationship more effective?" Their answers will let you know whether you are having the impact you want and help strengthen your relationships. Another way to develop gravitas is to build rapport and trust by demonstrating curiosity about your colleagues' lives outside of work or sharing something about your own. Finally, do not believe the myth that confidence is the same thing as gravitas — it is not. Even high-powered leaders feel nervous or anxious at times. So focus on building courage instead of confidence. This internal shift may seem subtle, but people will sense and respect it.

(This tip is adapted from *Gravitas Is a Quality You Can Develop*, by Rebecca Newton – HBR.)

### Just Pick Up the Phone

When it comes to communicating with colleagues, you have a lot of options these days: text, Slack, Zoom, phone, email. So which way is best? There is no denying the ease of written communications. Text-based interactions are often simpler and more efficient and they enable the other person



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to respond at their leisure. If you are sending a straightforward message, a quick update or an attachment, then emails and texts are the way to go. But if you need to catch up with a colleague about something important or talk through a difficult situation, consider an old-fashioned phone call. New research shows that verbal communication actually helps us feel more connected to the person we are talking to. While we may have the technology to videoconference, seeing other people's faces does not make us feel any more connected to them than just hearing their voice. Sure, talking on the phone might feel awkward at first, but the benefits will outweigh that initial discomfort.

(This tip is adapted from *Research: Type Less, Talk More*, by Amit Kumar and Nicholas Epley – HBR.)

You can also take on part-time or interim work as a consultant or a board member for companies or non-profits. While navigating, these options may seem daunting, it is well worth the time and effort to plan ahead for how you will remain engaged, fulfilled and connected as you enter this new chapter of life.

(This tip is adapted from *3 Tips for a Smooth Transition Into Retirement*, by Manfred F.R. Kets de Vries - HBR)

“Silence will create respect and dignity;  
justice and fair play will bring more friends;  
benevolence and charity will enhance prestige  
and position; courtesy will draw benevolence;  
service of mankind will secure leadership  
and good words will overcome powerful  
enemies.

HAZRAT ALI 

## Prepare for the Emotional Transition to Retirement

When it comes to retirement, most of us focus on our finances: how will we sustain our life without a steady income? But it is equally important to consider the emotional side — before you reach retirement age. How can you set yourself up for a smooth transition? Close relationships are the biggest predictor of happiness, so invest in your relationships with family and friends. And as you approach the end of your career, create networks beyond the office through things like volunteer work in your community, hobbies that involve partners or groups or mentoring budding entrepreneurs or others in your field.

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DONATE FOR THE PRIME MINISTER'S COVID-19 PANDEMIC RELIEF FUND



# IBP ONLINE TRAININGS NOVEMBER 2020

**04 NOVEMBER  
WEDNESDAY**

2PM - 5PM

**PROJECT FINANCING**

FACILITATOR: M.A. Hijazi

COURSE FEE: PKR 5,000/- (Excluding Taxes)

**06 NOVEMBER  
FRIDAY**

10AM - 1PM

**SUPPLY CHAIN MANAGEMENT PRACTICES IN BANKS**

FACILITATOR: Muhammad Amjad Malik

COURSE FEE: PKR 5,000/- (Excluding Taxes)

**10 NOVEMBER  
TUESDAY**

10AM - 1PM

**STRATEGY AND LEADERSHIP DEVELOPMENT**

FACILITATOR: Dr. Hanif Mohammed

COURSE FEE: PKR 5,000/- (Excluding Taxes)

**11 NOVEMBER  
WEDNESDAY**

2PM - 5PM

**SIGNATURE VERIFICATION AND FORGED SIGNATURE DETECTION**

FACILITATOR: Naveed Elahi Malik

COURSE FEE: PKR 5,000/- (Excluding Taxes)