

Domestic Economic Roundup

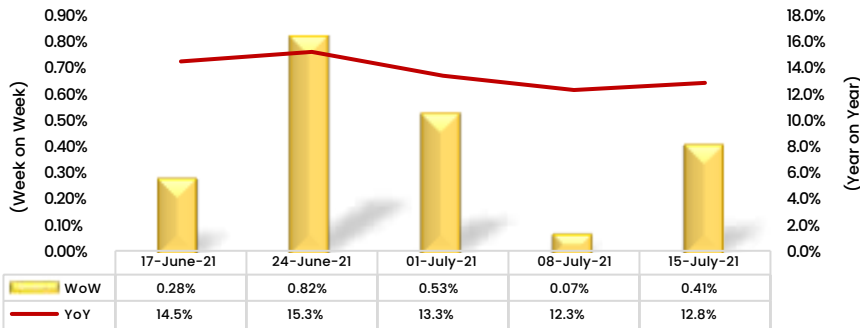
COVID-19: Impact of SBP's Measures as of May 17 – July 01, 2021

(Rs. in billion)

| | | | |
|---------------------------|-------|-------------------------------|------------|
| Loans Deferred* | 657.0 | Loans Approved for Hospitals | 17.8 |
| Loans Restructured* | 253.6 | Loans Approved for Investment | 436.0 |
| Loans Approved for Wages* | 238.0 | ATMs' Availability | 97 Percent |

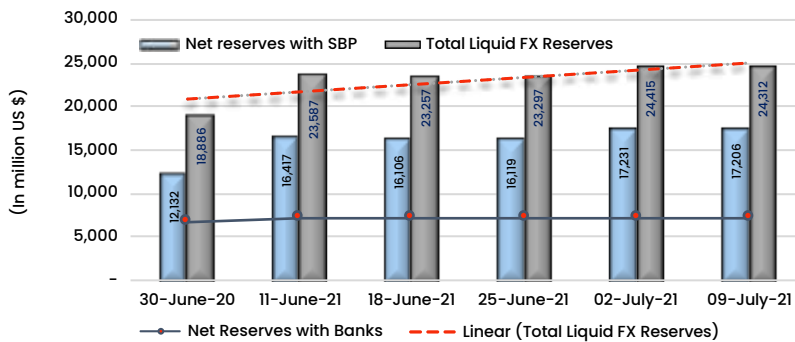
*Since the schemes are no longer available, the data has not been updated after November 13, 2020 and April 16, 2021 in the case of Loans Approved for Wages and Loans Deferred/Restructured, respectively.

Weekly Trend in Sensitive Price Indicator (SPI)

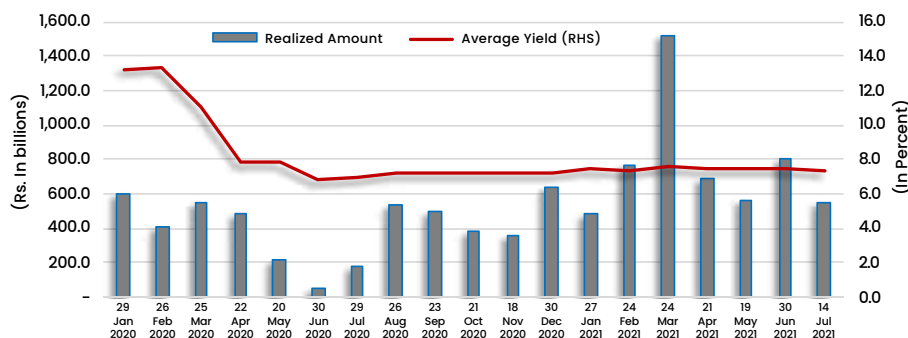


Sensitive Price Indicator (SPI) is computed on weekly basis to assess the price movements of essential commodities at shorter interval of time so as to review the price situation in the country. SPI comprises of 51 essential items and the prices are being collected from 50 markets in 17 cities of the country.

Week-end Position of Total Foreign Exchange Reserves



Emerging Trend in Market Treasury Bills



Markets at a Glance

Rates taken till Friday, July 23, 2021

MONETARY POLICY RATE

7pc | Effective from June 25, 2020

KIBOR (6 MONTHS)

| | Bid% | Offer% |
|-----------------|-------|--------|
| Change Starting | 7.35 | 7.60 |
| Change Ending | 7.34 | 7.59 |
| Change | -0.01 | -0.01 |

FOREX RATES

| | GBP | EURO | USD |
|-----------------|------------|------------|------------|
| Change Starting | PKR 221.51 | PKR 188.82 | PKR 159.94 |
| Change Ending | PKR 222.90 | PKR 191.21 | PKR 162.32 |
| Change | PKR +1.39 | PKR +2.39 | PKR +2.38 |

PAKISTAN STOCK EXCHANGE

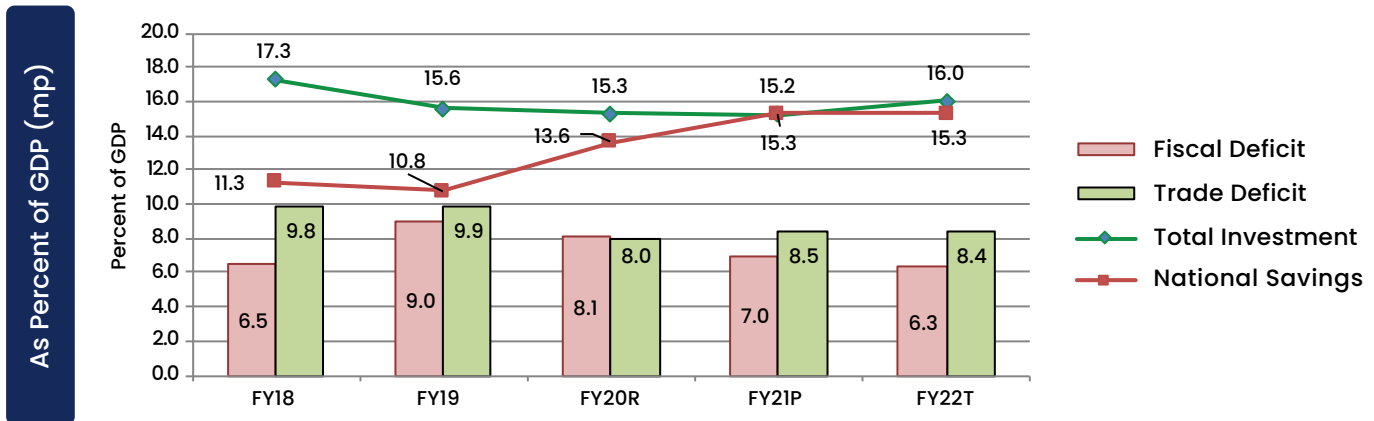
| | 100 Index |
|-----------------|-----------|
| Change Starting | 47,834 |
| Change Ending | 47,793 |
| Change | -41 |

GOLD RATES

| | 100 GM, 24K |
|-----------------|-------------|
| Change Starting | PKR 93,750 |
| Change Ending | PKR 94,050 |
| Change | +300 |

Pakistan's Major Economic Indicators

| Real Sector (Percent Growth) | FY18 | FY19 | FY20 ^R | FY21 ^P | FY22 ^T |
|------------------------------|----------|----------|-------------------|-------------------|-------------------|
| GDP (Real) | 5.5 | 2.1 | -0.5 | 3.9 | 4.8 |
| Agriculture Sector | 4.0 | 0.6 | 3.3 | 2.8 | 2.8 |
| Industrial Sector | 5.4 | -0.7 | -7.4 | 8.7 | 8.7 |
| Services Sector | 6.3 | 3.8 | -0.6 | 4.4 | 4.4 |
| Real GDP (Rs. in billion) | 12,344.3 | 12,600.7 | 12,541.8 | 13,036.4 | 13,6621.1 |
| Nominal GDP (Rs. in billion) | 34,616.3 | 38,086.2 | 41,556.3 | 47,709.3 | 53,876.0 |
| GNP (mp) US \$ Per Capita | 181,441 | 198,565 | 215,060 | 246,414 | 271,548 |
| GNP (mp) US \$ Per Capita | 1,651.9 | 1,459.1 | 1,360.9 | 1,542.5 | NA |



| CPI INFLATION (YoY%), | Annual Average | | | Year-on-Year | | |
|-----------------------|----------------|------|------|--------------|----------|----------|
| | FY19 | FY20 | FY21 | JUN 2020 | MAY 2021 | JUN 2021 |
| General | 6.8 | 10.7 | 8.9 | 8.6 | 10.9 | 9.7 |
| Food (Urban) | 4.6 | 13.6 | 12.4 | 12.9 | 15.3 | 11.0 |
| Non-Food (Urban) | 8.5 | 8.3 | 5.7 | 4.7 | 8.3 | 8.9 |

| Currency in Circulation as on (Stock data)* | | | | | | Rs. in billion |
|---|---------------|---------------|---------------|---------------|---------------|----------------|
| June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 26, 2020 | June 25, 2021 | |
| 4,387.8 | 4,950.0 | 6,142.0 | NA | 6,192.1 | 6,998.0 | |

Sources: i) Annual Plan 2020-21, Planning Commission | ii) Pakistan Economic Survey 2019-20, Finance Division iii) Data published on SBP website
T = Target | P = Provisional | R = Revised

SBP Makes Amendments in Forex Regulations Related to Imports Including Transition from Electronic Import Form to Pakistan Single Window

Considering the market dynamics and keeping pace with changing business environment, SBP is in the process of revising the foreign exchange regulations, in consultation with relevant stakeholders in a phased manner. The primary objective of these revisions is to promote ease of doing business by simplifying the existing instructions, removing the redundancies and delegating more powers to the Authorized Dealers for facilitation of the stakeholders. SBP has notified revisions in foreign exchange regulations for imports of goods into Pakistan (Chapter 13 of the FE Manual). The key changes include amendment in existing regulations to facilitate import transactions through the forthcoming Pakistan Single Window facilities, thereby eliminating the requirement of Electronic Import Form (EIF). Besides, the banks have been delegated more powers to approve the import transactions which earlier required regulatory.

It may be recalled that SBP and Pakistan Customs had implemented EIF Module in WeBOC system from September 1, 2016. EIF is an electronic declaration by importers approved by their bank detailing payment information for import of goods. It is required before filing of Good Declaration to Pakistan Customs for clearance of imported goods. However, once the Pakistan Single Window (PSW) becomes operational, the requirement for EIF will be eliminated. PSW system is a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single-entry point to fulfil all import, export and transit-related regulatory requirements. The system shall help reduce the time and cost of doing business by making trade related business processes more efficient, transparent and consistent. More information regarding PSW can be accessed at <https://www.psw.gov.pk/>.

Prime Minister Appreciates Unprecedented Growth in Housing and Construction Finance

Governor SBP, Dr. Reza Baqir presented information on unprecedented growth in housing and construction finance to Prime Minister Mr. Imran Khan on July 14, 2021 in a meeting of the National Coordination Committee on Housing, Construction and Development (NCCCHCD) chaired by the Prime Minister.

The meeting was attended by the Federal Ministers for Finance, Information, Aviation and Climate Change, Chairman NAPHDA, State Minister for Information & Broadcasting, SAPM on Political Communication, Presidents/CEOs of banks and senior SBP officials.

The Prime Minister appreciated that efforts of State Bank of Pakistan have been successful in stimulating the housing and construction finance in the country, which was hitherto a neglected area within commercial banks. During FY21,

housing and construction finance outstanding increased by Rs. 111 billion or 75 percent over FY20, reaching Rs. 259 billion by end June, 2021. An increase of this quantum in housing and construction finance in one year is unprecedented in Pakistan's history. As a result, 97 percent of the overall target set by SBP for June 30, 2021 was met.

The Prime Minister expressed the strong resolve of the government to accelerate activity in this area and encouraged banks to continue to support this area of economic activity and specially to facilitate customers interested in availing the government's mark-up subsidy scheme for housing (For details see: <https://www.sbp.org.pk/smeafd/circulars/2021/C3.htm>).

In July, 2020, the State Bank, in line with the government's vision to promote the housing & construction sector activities and improve home ownership in the country, mandated banks to increase their housing and construction finance portfolio to at least 5 percent of their private sector advances by December 2021. Accordingly, the SBP set quarterly targets with the mutual consent of Presidents/CEOs of banks supported by an incentive and penalty framework to motivate banks to achieve these goals.

Governor SBP, Dr. Reza Baqir, also shared that in addition to strong growth in construction & housing finance, banks have started to extend housing finance under Government Markup Subsidy Scheme, commonly known as Mera Pakistan Mera Ghar (MPMG), for the low to middle income segments of the society. Provision of housing finance to such segments of society is also unprecedented in Pakistan's history.

In April 2021, banks were given separate targets under MPMG to induce them to grow this segment of housing finance. Consequently, the number of applications increased significantly and the amount of loans applied for more than doubled in the last quarter of FY21 to Rs. 111 billion. As of June 30, 2021, banks have approved home financing worth Rs. 39 billion.

"No good deeds done on other days are superior to those done on these (first ten days of Dhul Hijja)." Then some companions of the Prophet (ﷺ) said, "Not even Jihad?" He replied, "Not even Jihad, except that of a man who does it by putting himself and his property in danger (for Allah's sake) and does not return with any of those things."

THE PROPHET MUHAMMAD ﷺ

Governor SBP also informed the Prime Minister that following his instructions to facilitate the public as much as possible, a simple one-page application form has been designed separately for salaried persons, businessmen and applicants with informal income to apply for such housing finance.

In order to facilitate applicants with informal income, some very basic personal information and payment information about house rent, utilities & children education will be required. Forms will be available both in English and Urdu by end July 2021.

While appreciating the SBP efforts to bring ease for borrowers through simple application form and processes, the Prime Minister voiced expectation that banks' portfolio must show strong growth in disbursements in the coming days. To facilitate access to home finance especially within lower and middle income groups, State Bank's key initiatives include allowing acceptance of third party guarantee during the construction period, waiver of Debt Burden Ratio (DBR) in case of informal income and the introduction of standard facility offer letter by the banks. State Bank has also advised banks to develop and deploy income estimation models for borrowers with informal sources of income. In addition to gauge readiness, knowledge and appropriate behavior of banking staff towards MPMG customers, regular mystery shopping of banking branches on a pan Pakistan basis is conducted by State Bank. In addition to State Bank's dedicated online portal for the registration of complaints by MPMG customers, commercial banks have also established a 24/7 joint helpline to address the queries of general public regarding MPMG. Customers of MPMG can reach out to this helpline at 0-33-77-786-786.

more sustainable future rather than a crutch to a weaker version of the pre-COVID-19 economy.

"Seizing the opportunity could deliver years of solid post-COVID-19 growth and progress in living standards. The IMF estimates that comprehensive growth-enhancing reforms cutting across product, labor and financial markets could raise annual growth in GDP per capita by over one percentage point in emerging market and developing economies in the next decade. These countries would be able to double their speed of convergence to advanced economies' living standards relative to the pre-pandemic years," said Okamoto.

IMF warned that recovery from the COVID crisis will take years for most countries if reforms are not implemented. "Inspiring the next generation to rebuild a brighter future is the primary challenge for this generation of policymakers. They should seize this challenge, daring to be bold as the current crisis reaches a crossroads. Pairing growth reforms with recovery spending will deliver the prosperity that we have promised our citizens, making our own fate in a post-COVID-19 world," said Okamoto.

Going forward, IMF advised that the policymakers need to engineer a fundamental shift from saving their economies from collapse to strengthening their economies for the future with growth-oriented reforms.

Japan Beefs Up Diplomatic Efforts on Regulating Digital Currency: Report

Tokyo is playing catch-up in a global debate among financial regulators about setting stricter rules on private digital currencies.

Regulators from the Group of Seven industrial powers and the Group of 20 big economies have called for greater regulation of "stablecoins" - a form of cryptocurrency typically pegged to a national currency.

To deepen dialogue with their counterparts, Japan's Financial Services Agency (FSA) last week established a section to oversee digital currency regulation, while the Ministry of Finance is considering increasing staff, the officials said on condition of anonymity due to the sensitivity of the matter.

"Japan can no longer leave things unattended with global developments over digital currencies moving so rapidly," one official said.

The move by government bureaucracies complements efforts by the Bank of Japan, which is experimenting with ideas to issue a digital yen that it thinks could serve as a safer alternative to private settlement means. Global regulators worry about the growing presence of big-tech retail settlement platform operators that are not regulated by traditional banking rules. If they offer various settlement

International Economic Roundup

COVID-19: Global Economy Has Lost \$15 trillion in Output Due to Pandemic, IMF Says

The world economy has lost \$15 trillion in output as a result of COVID-19 as central banks have provided more liquidity in the past year than in the last 10 years combined, a senior official of the International Monetary Fund (IMF) said. "Since March 2020, governments have spent \$16 trillion providing fiscal support amid the pandemic and global central banks have increased their balance sheets by a combined \$7.5 trillion. This was absolutely necessary - IMF research indicates that if policymakers had not acted, last year's recession, which was the worst peacetime recession since the Great Depression, would have been three times worse," said Geoffrey Okamoto, first deputy managing director of IMF.

Okamoto stressed that the same energy that is being put into vaccination and plans for recovery spending also needs to be put into growth measures to make up for this lost output.

IMF's first deputy managing director called for difficult reforms that will serve as a springboard to a brighter and

means using private digital currencies, that would erode the grip regulators have on financial regulation.

The Bank of England said last month that payments with stablecoins should be regulated in the same way as payments handled by banks if they start to become widely used. U.S. Federal Reserve chief Jerome Powell has also called for greater regulation, warning that cryptocurrencies pose risks to financial stability.

The new unit at Japan's FSA, launched on July 8, 2021, also aims to oversee "decentralized finance" - a blockchain-based form of finance that does not rely on central financial intermediaries, the officials said. The agency created a new position to head the section.

The finance ministry is considering increasing headcount at an existing division to ramp up digital currency oversight, the officials said. The ministry will submit a budget request by August, they said. The finance ministry did not immediately respond to a request for comment. An FSA official confirmed it has created the new section but said there was no decision yet on the scope of its operations.

Stablecoins are cryptocurrencies designed to have a stable value relative to traditional currencies or to a commodity such as gold, to avoid the volatility that makes bitcoin and other digital tokens impractical for most commerce. No stablecoins have gained traction in day-to-day commerce, but a proposal by Facebook in 2019 to create a digital currency for use on its platforms alarmed global financial regulators. They fret that if private digital currency becomes too big, it could fragment a country's financial system. Experts also say a lack of transparency is making cryptocurrencies a useful tool for money laundering and tax evasion.

Authorities in Tokyo have been stepping up coordination on digital currency research and prospects for issuing a central bank digital currency. The BOJ in March created a committee bringing together MOF and FSA officials, as well as lobbyists from the banking and finance sector, to share information on such a currency.

Central Banks, Wealth Funds Going Greener and More Activist: Survey

The COVID-19 pandemic is accelerating a shift by central banks and sovereign wealth and public pension funds to greener and more activist investment strategies, one of the largest annual surveys of their behaviors showed. The Global Public Investor survey by think-tank Official Monetary and Financial Institutions Forum (OMFIF) sampled 102 institutions overseeing a combined \$7 trillion this year to track how the pandemic and other long-term trends are affecting them. The findings of the survey, seen by Reuters ahead of its publication on July 21, 2021, showed the scale and speed at which environmental, social and governance (ESG) factors were now driving investment decisions.

"There has definitely been an acceleration due to COVID," OMFIF's Chief Economist Danae Kyriakopoulou said. "At the beginning (of the pandemic), we thought there would be a focus on the short-term, the quick boosts to recoveries. But actually there has been this realization that our financial systems are so vulnerable to things outside the financial world".

As well as a store of wealth for future generations, sovereign wealth funds are often used by countries during periods of upheaval. For the first time since OMFIF started asking about ESG, the majority in all three categories of global public investors (GPIs) said that they now implement it in some way. This differed widely between types of institution, with all pension funds implementing ESG criteria, compared with around two-thirds of sovereign funds and just over half of central banks.

"Deal with people in such a manner that if you die, they should weep for you, and if you live they should long for you."

HAZRAT ALI

Central banks made up around 60 percent of OMFIF's survey sample this year and while many don't invest in equities or infrastructure projects, green bonds remain their most popular ESG option. Over a third of the banks asked in the survey now hold them, although some also said that liquidity and lack of supply of green bonds, especially in dollars, can be a headache.

The survey also showed a trend for more active ownership, especially among sovereign wealth and public pension funds. Rather than just excluding polluters, many funds are now specifically buying companies or projects that transition to more sustainable practices from dirtier or less responsible ones. There are still clear gaps though. The survey found that around 60 percent of GPIs did not use ESG benchmarks - a kind of shopping list of assets that they can and cannot own - and only 8 percent had their own bespoke benchmarks. An Invesco survey earlier this month found the majority of sovereign funds think financial markets are fully pricing in the long-term implications of climate change.

Nevertheless, Kyriakopoulou pointed to one day in May when a Dutch court ordered Shell to lower its emissions faster, Exxon Mobil's shareholders defied management to elect two new climate-conscious board members and Chevron's shareholders went against its management to back emissions cuts. "Policy-makers and investors should not be surprised by such rulings or decisions. Even though they are radical and mark a 'tipping point', it is clear that momentum for change has been building".

MANAGEMENT VIEWS



What to Ask for When You Cannot Get a Speaking Fee

Professionals deserve to be paid for speaking engagements. But what should you do if your request for a fee is denied? Do not be discouraged. If you think the opportunity is worth it, you can still negotiate for alternative compensation. Here are a few things you can ask for:

- **Travel and food expenses.** At the very least, the organization should cover any expenses related to your participation.
- **Discounted memberships and dues.** Many speaking engagements are hosted by regional or national organizations. If this is the case, you might request a waived or discounted membership fee.
- **Referrals.** This might be for future events at affiliated organizations, or even a letter of participation on the organization's letterhead, signed by the most senior leader of the group, that you can share with your boss.
- **Promotional material.** Ask for audience testimonials and endorsements that you can put on your website. Or inquire whether the sponsoring organization can record your talk and provide shareable highlights that you can put on social media or send out to your network.

(This tip is adapted from *If a Speaking Gig Can't Pay, Ask for Another Form of Compensation*, by Adaira Landry and Resa E. Lewiss – HBR.)

Quit Your Job Without Burning Bridges

If you are considering leaving your job, but worry that you might damage your relationships and chances for a strong reference, you are not alone. While you cannot control how your boss or colleagues will react to your decision to quit, you can minimize the negative impact. Here is how. First, do not delay telling your boss because you feel guilty; most managers prefer to have as much advance notice as possible. Be gracious but clear so you do not send mixed messages. Say something like, "After a lot of consideration, I've decided it's time for me to move on to the next chapter of my career. My goal for this conversation is to discuss how to make the transition as smooth as possible for both of us." No matter how well you handle this, sometimes your managers

will not be receptive – and that is not your fault! If they act cold, hurt, or upset, try not to take it personally. No boss likes to lose a valuable employee. The best thing you can do is to express your appreciation for the opportunity you have had and what you have learned in your time at the company. Finally, do not forget your colleagues. You do not want to leave them in the lurch so for any tasks you are unable to wrap up before you leave, pass the baton as clearly as possible. And remember: People leave jobs all the time. If you have handled the decision thoughtfully and carefully, you do not have to burn bridges.

(This tip is adapted from *Yes, You Can Quit Your Job Without Burning a Bridge*, by Ron Carucci – HBR.)

SNIPS

Poverty's Multiplier

A fall of 1 percent growth in the world economy would result in pushing more than 14 million people into extreme poverty due to business and productivity paralysis, says a study by the Institute of Policy Studies.

Take a Vacation the Right Way

You plan a vacation to relax, rejuvenate and forget all about work. But being out of the office often means doing a mountain of extra work before and after, so your supposedly relaxing time off can actually exacerbate your stress. How do you avoid this problem? Before your vacation, over-communicate and delegate. Make a prioritized list of tasks that need to be done during your time off and establish a hand-off process for each one, coordinating with anyone who will be filling in while you are away. Then send out advanced notice of your vacation to anyone who might be impacted so they are all aware of how long you will be gone and who to go to in your absence. During your vacation, set an intention: are you trying to relax, learn about a new culture, or connect with friends and family? Think of this intention as your only job during your time off and give yourself permission to unplug from work so you can focus on achieving it. Finally, when you return from vacation, take the first thirty minutes of your first day back to make a list of priorities, ideally before you open your inbox. Then tackle your new to-do list one-item at a time. Remember: you deserve a restorative vacation. You do not deserve additional stress for taking it.

(This tip is adapted from *How to Minimize Stress Before, During, and After Your Vacation*, by Tristan Elizabeth Gribbin – HBR.)

Donate for The Prime Minister's COVID-19 Pandemic Relief Fund

IBP TRAINING CALENDAR JULY 2021



JULY 27
Tuesday
2PM - 6PM

Treasury Operations and Derivatives Management

FACILITATOR: Faisal Sarwar

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JULY 28
Wednesday
9AM - 1PM

AEOI Regulatory Framework

FACILITATOR: Shamwail Sohail

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JULY 29
Monday
2PM - 6PM

Effective Email Communication

FACILITATOR: Aisha Bela Malik

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JULY 29
Thursday
2PM - 6PM

Credit Risk Review

FACILITATOR: M.A. Hijazi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

JULY 31
Saturday
10AM - 2PM

SECP AML/CFT Regulations

FACILITATOR: Sumera Baloch

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING