

Domestic Economic Roundup

Markets at a Glance

Rates taken till Friday, October 29, 2021

COVID-19: Impact of SBP's Measures Taken During 2020

(Rs. in billion)

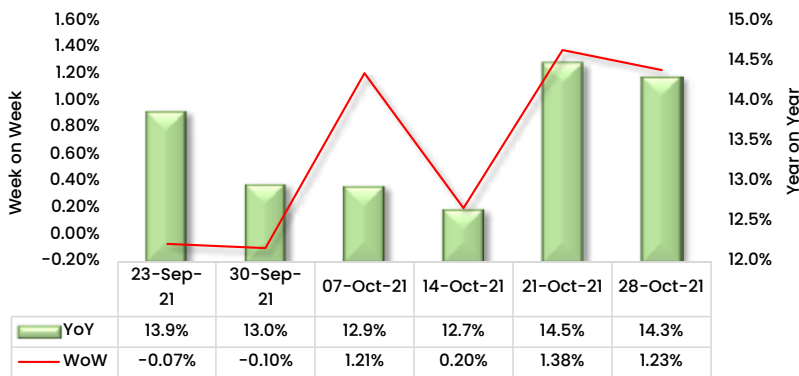
Loans Deferred*	657.0	Loans Approved for Hospitals*	17.8
Loans Restructured*	253.6	Loans Approved for Investment*	436.0
Loans Approved for Wages*	238.0	ATMs' Availability (26-07-2021)	97 Percent

*Since the schemes are no longer available, no further change is expected in the data above.

MONETARY POLICY RATE

7.25% | Effective from September 20, 2021

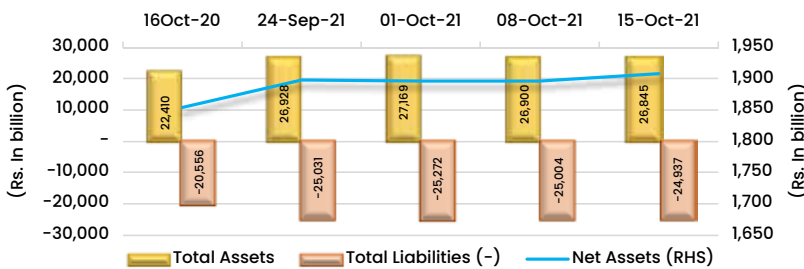
Weekly Trend in Sensitive Price Indicator (SPI)



KIBOR (6 MONTHS)

	Bid%	Offer%
Starting	8.49	8.74
Ending	8.61	8.86
Change	+0.12	+0.12

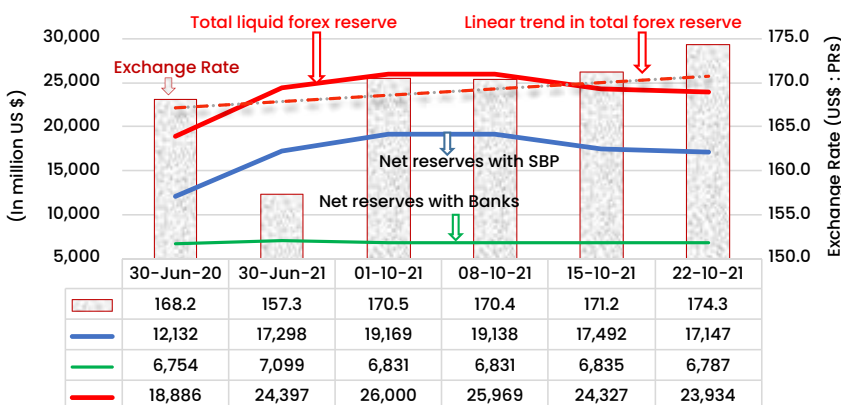
Total Assets and Liabilities of Scheduled Banks



FOREX RATES

	GBP	EURO	USD
Starting	PKR 240.20	PKR 202.46	PKR 174.00
Ending	PKR 236.72	PKR 200.33	PKR 171.65
Change	PKR -3.48	PKR -2.13	PKR -2.35

Exchange Rate & Foreign Exchange Reserves (Cumulative)



PAKISTAN STOCK EXCHANGE

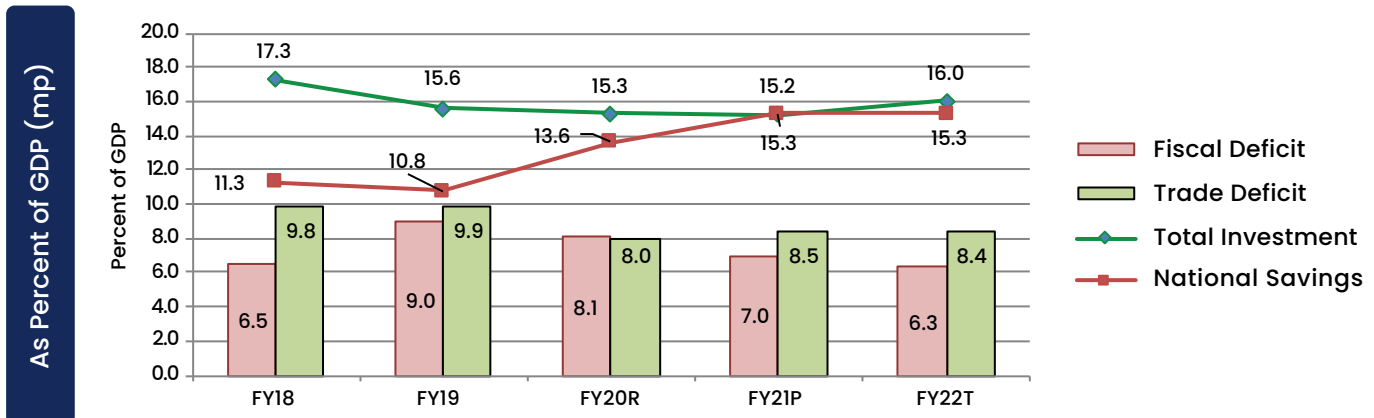
	100 Index
Starting	45,578
Ending	46,219
Change	+641

GOLD RATES

	10 GM, 24K
Starting	PKR 99,486
Ending	PKR 99,753
Change	+267

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	SEP 2020	AUG 2021	SEP 2021
General	6.8	10.7	8.9	9.0	8.4	9.0
Food (Urban)	4.6	13.6	12.4	12.4	10.2	10.8
Non-Food (Urban)	8.5	8.3	5.7	5.0	7.2	8.1

Currency in Circulation as on (Stock data)						Rs. in billion
June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	Oct 16, 2020	Oct 15, 2021	
4,387.8	4,950.0	6,142.0	6,909.9	6,233.8	7,175.3	

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

Governor SBP Asks Banks to Accelerate the Pace of Approval of Loans under MPMG

Governor, State Bank of Pakistan, Dr. Reza Baqir appreciated the progress made by the banking industry in supporting low cost housing finance for first time home owners under the Mera Pakistan Mera Ghar (MPMG). As per the latest numbers of October 18, 2021, banks have received applications of more than Rs. 200 billion. The banks have approved financing of Rs. 78 billion out of which Rs. 18 billion have already been disbursed. At the same time the Governor stressed the need to accelerate the pace of approvals by banks to match the requests for financing to ensure that people are not discouraged by the processing time. He expressed the hope that with the combined efforts of all stakeholders, the dream of Pakistanis to have their own homes can become a reality.

While appreciating the efforts to date, Governor Baqir also asked stakeholders to increase outreach of the Government's Markup Subsidy Scheme for Housing Finance commonly known as Mera Pakistan Mera Ghar (MPMG) to the wider public. He said that when the journey of MPMG started last year, low-cost housing finance was almost non-existent as commercial banks rarely ventured in this area fearing its inherent risks. However, the strong commitment of government especially NAPHDA, SBP, banks and other stakeholders to promote housing and construction activities in the country is beginning to result in considerable increase in finance for housing and construction.

To augment this effort, the SBP provided an enabling regulatory environment to promote housing & construction finance. Resultantly, housing and construction credit of banks has reached to Rs.305 billion at the end of September, 2021, which was Rs. 166 billion at the end of September last year, showing an increase of Rs.139 billion and a year-on-year growth of 84 percent. Following chart shows growth during last one year. For further detail please browse:

<https://www.sbp.org.pk/press/2021/Pr-27-Oct-2021.pdf>.

KSA Transfers Partial Amount Out of \$4.2 billion for Pakistan's Balance of Payment, Oil Financing

Advisor to Prime Minister on Finance and Revenue, Shaukat Tarin on October 27, 2021 said that Saudi Arabia has transferred partial amount out of the total \$4.2 billion, it had announced for Pakistan to overcome its balance of payment and oil financing.

"Yesterday I received call from finance minister of the Kingdom, who told me that we are going to release the money right now... for your information, and I think some amount was released yesterday," he said.

Addressing a press conference along with Federal Minister for Energy, Hammad Azhar, the advisor said that US\$3 billion

would be placed with the State Bank of Pakistan to help balance of payments and \$1.2 billion would be provided as oil supplies on deferred payment.

Mr. Tarin said that the Crown Prince of Saudi Arabia had told him that Pakistan and Prime Minister Imran Khan hold special place for the Kingdom, so he (Crown Prince) was pleased to do this. He said that the Saudi Finance Minister also telephoned him and informed him about the support. The advisor said that some of the amount had already been released on October 26, 2021. He informed that the rate of interest on the loan would be 3.2 percent.

Digital Payments Adoption Continues its Journey on Upward Trajectory in FY21

The State Bank of Pakistan (SBP) released its Annual Payment Systems Review (PSR) for the fiscal year 2020-21 on October 22, 2021, which showed strong growth in the space of digital financial transactions in the country. SBP continued its pursuit for the development of a robust and efficient payments ecosystem in Pakistan. According to the PSR, transactions processed through SBP's large-value payments segment, known as Pakistan Real-time Inter-Bank Settlement Mechanism (PRISM), recorded YoY growth of 60.0 percent by number of transactions (volume) and 12.8 percent by value. Similarly, overall e-Banking transactions registered YoY growth of 31.1 percent which highlights substantial increase in adaption of digital means for payments.

This growth was spurred by major uptake in mobile banking (29 percent increase in the number of users, 133.6 percent and 178.7 percent increase in volume and value respectively) and internet banking (32 percent increase in the number of users, 65.1 percent and 91.7 percent increase in volume and value respectively). This promising growth was achieved on the back of 27 banks offering app-based banking along with other entities offering innovative payment solutions for accepting digital transactions.

During FY21, digital payments adoption for retail transactions continued to show an upward trend. Due to the active efforts of the SBP, the number of card accepting POS machines saw a growth of 47 percent. Transactions processed through POS machines reached as high as 88.8 million amounting to PKR 453.1 billion, showing YoY growth of 26.3 percent by volume and 24.4 percent by value of transactions.

The same trend was reflected in e-commerce transactions as well. The number of e-commerce merchants reached 3,003 which shows double-digit growth of 76 percent. Consumers carried out 21.9 million online transactions worth PKR 60.6 billion on these locally registered e-Commerce Merchants during the year FY21 which amounts to significant YoY growth of 114.8 percent and 74.1 percent by volume and value of transactions respectively. These trends point toward healthy growth in fostering a more digitally integrated economy.

Similarly, on the card issuance side, as on end-June 2021, there were 45.9 million total cards in circulation that mainly comprised of Debit cards (65.0 percent), Social welfare cards (18.4 percent), ATM only cards (12.6 percent), Credit cards (3.7 percent) and Prepaid cards (0.3 percent). Collectively, these cards processed 708.7 million transactions amounting to PKR 8.4 trillion during FY2021. The number of debit cards at the end of FY 2021 has been 29.8 million, observing a YoY growth of 11.8 percent and annualized growth of 13.8 percent during the last 4 years. Transactions processed through ATMs also grew to 598.7 million with the total value of PKR 8.1 trillion. This amounts to growth of 16.9 percent by volume and 25.6 percent by value on YoY basis. The country's core payment systems infrastructure remained operationally resilient. All channels of payment systems showed significant growth.

SBP expects that going forward, the momentum of growth across all key areas of the digital payments ecosystem will continue to strengthen. Modernizing the country's payment system and infrastructure is a key priority, for which SBP will continue to work on providing an enabling regulatory environment. The complete report is available at weblink

<https://www.sbp.org.pk/PS/PDF/FiscalYear-2020-21.pdf>

Financial Action Task Force (FATF) Has Reviewed Pakistan's Progress on FATF Action Plans

The Financial Action Task Force (FATF) has reviewed Pakistan's progress on FATF Action Plans in its plenary meeting held on 21st October 2021. The FATF has recognized considerable progress made by Pakistan on both the Action Plans.

With regard to the 2021 Action Plan, Pakistan has completed four of the seven Action Plan items. Pakistan has completed these four Action Plan items much before the timelines prescribed by FATF. While progress on remaining three action items is well underway and it is aimed to complete three action items ahead of timelines set by the FATF. The Action items that have been completed include amendments in the Mutual Legal Assistance Act, 2020, AML/CFT supervision of Designated Non-Financial Businesses and Professions (DNFBPs), transparency of beneficial ownership information and implementation of Targeted Financial Sanctions for Proliferation Finance by DNFBPs. The remaining action items in 2021 Action Plan include investigation & prosecution of ML cases, confiscation of assets and UN listings.

Regarding the 2018 Action Plan, Pakistan submitted a comprehensive progress report on the last remaining Action Plan item. The FATF acknowledged Pakistan's continued political commitment, which led to significant progress across a comprehensive CFT Action Plan and encouraged Pakistan to report further progress on investigation and prosecution.

The Plenary meeting decided to maintain status quo with respect to Pakistan, for the time being. Considerable work has already been carried out on remaining items of both Action Plans. FATF will undertake next review of Pakistan's Progress in February 2022.

The FATF Plenary meetings were held virtually from 19-21 October 2021, where its members discussed a variety of topics including Pakistan's progress. The Pakistan delegation was led by Mr. Muhammad Hammad Azhar, Federal Minister for Energy/Chairman National FATF Coordination Committee.

Pakistan is fully committed to completing its both Action Plans in cooperation with FATF and its international partners. The high-level political commitment, which is driving its revamped AML/CFT regime, is widely recognized by international community.



Pakistan's IT Exports Witnessed 42.7 percent YoY Growth, Touch \$635 million Marks in First Quarter

Adviser to Prime Minister on Commerce and Investment, Abdul Razak Dawood on October 25, 2021 informed that Pakistan's Information Technology (IT) exports increased to \$635 million in the first quarter of current fiscal year.

Pakistan's Information Technology (IT) and IT-enabled service in the first quarter of FY22, exports increased to \$635 million from July to September as compared to the exports value of the last year, which stood at \$445 million, showing an increase of 42 percent Year on Year (YoY) growth, the adviser said on his official twitter account.

"I appreciated all the stakeholders for their efforts and dedication" he said.

The adviser said that also, by seeing how the IT sector is growing, "I am optimistic that we will cross the IT exports target for FY22."

International Economic Roundup

European Central Bank Expected to Hold Steady as Economy Slows and Inflation Soars

For some time, central-bank watchers have expected the ECB's October meeting to be relatively unexciting, but the current mix of slowing growth and higher inflation could render it more eventful than originally anticipated.

Although big decisions on the future of the European Central Bank's emergency stimulus package – the Pandemic Emergency Purchase Program – are unlikely to be revealed until December, investor interest will be focused on comments made by bank President Christine Lagarde in her press conference on October 27, 2021.

"We see scope for the ECB to continue its pushback against current market pricing in its communications at the meeting," Spyros Adreopoulos, senior European economist at BNP Paribas, said in a recent note. "The flipside of pushing back against market pricing is that we also expect Christine Lagarde to maintain that the current spike in inflation is largely transitory."

The euro zone economy currently is facing multiple adverse economic shocks. Supply chain bottlenecks have created shortages of all sorts of goods and gas prices are at record highs. Despite these uncertainties the market is currently pricing in a first rate hike by the central bank at the end of 2022.

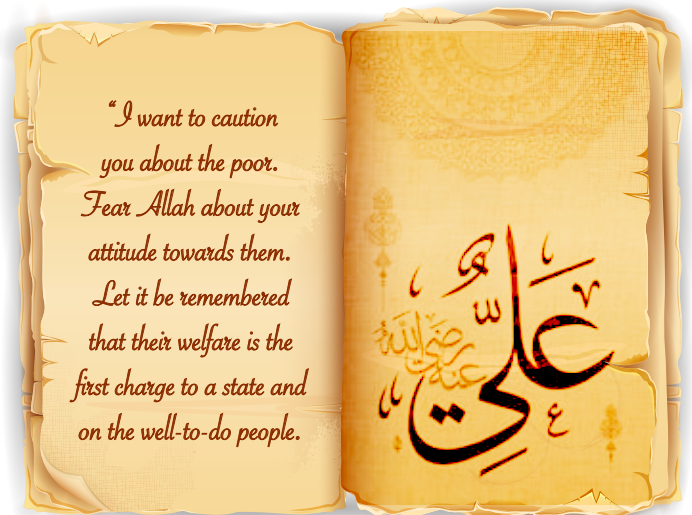
Australia Commits to 2050 Net Zero Emissions Plan but With No Detail and No Modelling

The Australian prime minister, Scott Morrison, has released the government's plan to reach net zero emissions by 2050 and updated Australia's 2030 projection to between 30 percent and 35 percent as he prepares to fly to Glasgow for a United Nations climate summit.

But after facing internal resistance from members of the National party – who are in Coalition with the conservative Liberal party – the federal government will not revise its formal 2030 emissions target, maintaining the 26-28 percent pledge compared to 2005 levels agreed under the Paris accord.

Morrison hailed government's plan as a "practical way" to neutralize Australia's emissions by 2050 but the plan showed almost a third of the abatement task is comprised of cuts via unspecified "technology breakthroughs" and "global trends" while a further 20 percent will be achieved through unexplained offsets.

Australia's emissions are among the highest in the world on a per capita basis and the country has long trailed behind similar developed countries in pledging to reduce emissions. The government has refused to release modelling underpinning the plan and is keeping details of the package – promised to secure Nationals support for the mid-century target – secret.



Afghanistan's Economy Could Shrink by 30 percent following Taliban Takeover, IMF says

Afghanistan's gross domestic product could see a contraction of up to 30 percent following the Taliban takeover, the IMF said in its latest regional economic report. Jihad Azour, director of the IMF's Middle East and Central Asia department, said the country's situation was deteriorating, even before Kabul fell.

"They were facing more than one shock – drought, COVID," he told CNBC's Hadley Gamble. "Therefore, what we foresee and fear is a sharp contraction." The report also noted that non-humanitarian aid has been halted, foreign assets mostly frozen and Afghan banks have been crippled by cash shortages after the Taliban returned to power.

"These shocks could cause a 20-30 percent output contraction, with falling imports, a depreciating Afghani, and accelerating inflation," the report said. "The resulting drop in living standards threatens to push millions into poverty and could lead to a humanitarian crisis."

Additionally, "the turmoil is fueling a surge in Afghan refugees" that could burden public resources in refugee-hosting countries, pressure the labor market and create social tensions, the IMF said, highlighting the need for assistance from the international community. Azour said the IMF welcomes the international community's scaled-up humanitarian aid and said there should be a focus on education and health services.

MANAGEMENT VIEWS



New Job? Ask Your Boss These Questions

When you start a new job, the most important relationship to get right is the one with your boss. How do you build trust right from the beginning? And how do you get the feedback and insight you need to succeed? Here are a few questions to ask your new manager.

- ◊ **How do you like to communicate?** Knowing whether your boss prefers email, Slack, or Zoom will help you reach out to them in the right way. It is important to be flexible about how you communicate, especially if your office is shifting to hybrid or in-person work.
- ◊ **Who should I meet with outside of our team?** What you know is often less important than who you know. Your ability to influence others will improve once you understand the informal networks that determine the social dynamics of your new organization.
- ◊ **How can I support the team and add value?** This question will help you clarify your role, align on expectations and prioritize your responsibilities.
- ◊ **What would you do if you were in my shoes?** Invite your boss to empathize with you and show them that you respect their expertise. This will help you establish a strong connection and deepen your understanding of how your manager thinks, feels and acts.

(This tip is adapted from *7 Questions to Ask Your New Boss*, by Tomas Chamorro-Premuzic – HBR.)

So You Do Not Want to Be a Manager Anymore...

You have given it a shot, but you realize that managing people just is not for you. How can you gracefully transition back into an individual contributor role – without sinking your career? Start by addressing your beliefs about this decision. Pivoting away from a people manager role does not mean you are a failure. In fact, it would be more harmful to you and your team for you to stay in a role you do not enjoy, taking up room for someone who is more suitable. Next, do not assume you have to demote yourself. Removing your management responsibilities does not necessarily mean taking a pay cut or a lesser title. You do not even have to go back to the job you were doing before. It is worth proposing a completely different role or title that reflects the

value you bring to the company, even if you are not directly leading a team. Finally, ensure your transition does not impair your team. If there is already someone on your team who is ready to step into the role, great. Otherwise, keep your network active so you are aware of outsiders with the right talents to take over for you. Either way, develop a clear succession plan so that no one is left in the lurch.

(This tip is adapted from *You Can Stop Being a Manager Without Sinking Your Career*, by Nihar Chhaya – HBR.)

SNIPS

Chopping Down Trees

People cut down about 15 billion trees every year for heating, construction and industrial purposes, says the World Economic Forum.

Motivate Yourself to Start Searching for a New Job

Looking for a new job takes a lot of time and effort. When you are already exhausted from working your current role and managing life in general, it is hard to muster up the energy to even consider shifting your career. Here are several steps to motivate yourself to start that job hunt.

- ◊ **Define your why.** It helps to focus on the end goal. Knowing what you ultimately want will mean you enter your search with exploration and empowerment in mind, not resentment or fear.
- ◊ **Visualize.** Remember a time when you were excited about a new job or happy in your current one. What was it that made you feel fulfilled? Was it the people? The mission of the work? Imagine how you'll feel when you find a job that brings you this same kind of joy.
- ◊ **Make a plan.** Decide how much time you are willing and able to dedicate to the job hunt, then block it off on your calendar. You might consider setting aside 15 minutes twice a day for some of the logistics like checking personal email and LinkedIn and responding to recruiters.
- ◊ **Focus on what you can control.** Remember: you do not have power over whether you get an interview or how quickly a hiring manager gets back to you. So go into the process knowing that it is only worth spending your mental energy on the things you can actually control.

(This tip is adapted from *How to Job Hunt [When You're Already Exhausted]*, by Marlo Lyons –HBR.)

IBP ONLINE TRAINING CALENDAR NOVEMBER 2021

**THURSDAY
04 NOV
2021**

Pakistan Single Window (PSW)

Facilitator: Khalid Faridi



PKR 8,500/-
PER PARTICIPANT

* fee (excluding taxes)

**SATURDAY
06 NOV
2021**

RAAST - Digital Payment Revolution

Facilitator:
Syed Muhammad Taha



PKR 8,500/-
PER PARTICIPANT

* fee (excluding taxes)

**SUNDAY
07 NOV - 05
DEC, 2021**

Certification Course in Islamic Banking & Takaful

Facilitator:
Islamic Banking Experts



PKR 40,000/-
PER PARTICIPANT

* fee (excluding taxes)

**TUESDAY
09 NOV
2021**

Regulatory Requirement for Collateral Management

Facilitator: Murtaza Rizvi



PKR 8,500/-
PER PARTICIPANT

* fee (excluding taxes)

**WEDNESDAY
10 NOV
2021**

Customers Digital Onboarding Framework

Facilitator: Shamwail Sohail



PKR 8,500/-
PER PARTICIPANT

* fee (excluding taxes)

**THURSDAY
11 NOV
2021**

Credit Risk Review

Facilitator: M.A. Hijazi



PKR 8,500/-
PER PARTICIPANT

* fee (excluding taxes)

**FRIDAY
12 NOV
2021**

Risk Management in Islamic Banks

Facilitator: Asim Hameed



PKR 8,500/-
PER PARTICIPANT

* fee (excluding taxes)