

Domestic Economic Roundup

Markets at a Glance

Rates taken till Friday, July 30, 2021

COVID-19: Impact of SBP's Measures as of May 17 – July 26, 2021

(Rs. in billion)

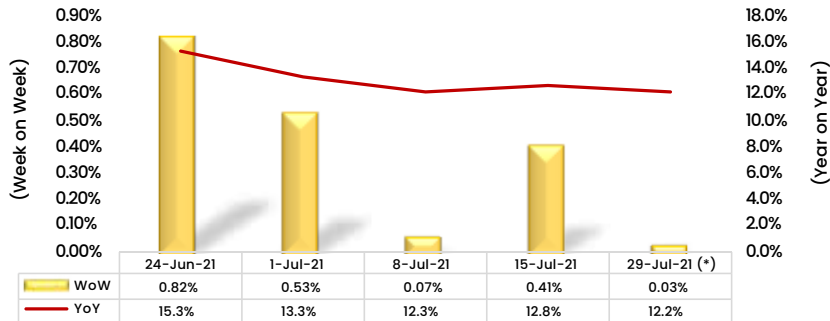
Loans Deferred*	657.0	Loans Approved for Hospitals	17.8
Loans Restructured*	253.6	Loans Approved for Investment	436.0
Loans Approved for Wages*	238.0	ATMs' Availability	97 Percent

*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.

MONETARY POLICY RATE

7pc | Effective from June 25, 2020

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.

(*) = SPI is not available for July 22, 2021

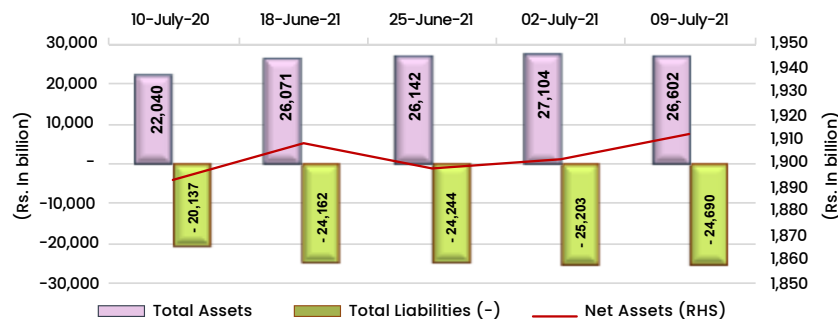
KIBOR (6 MONTHS)

	Bid%	Offer%
Starting	7.34	7.59
Ending	7.34	7.59
Change	0	0

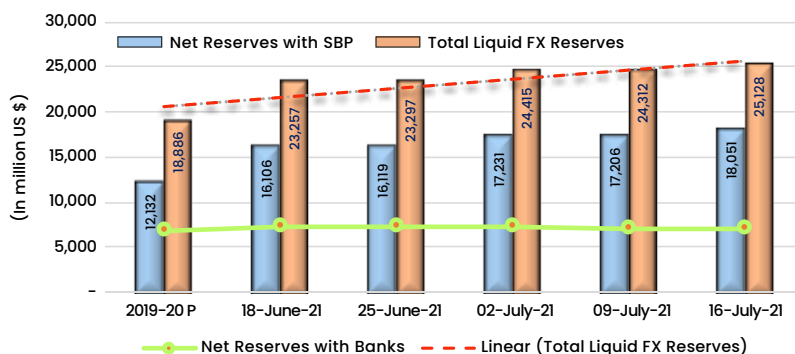
FOREX RATES

	GBP	EURO	USD
Starting	PKR 222.90	PKR 191.21	PKR 162.32
Ending	PKR 227.01	PKR 193.29	PKR 162.43
Change	PKR +4.11	PKR +2.08	PKR +0.11

Total Assets and Liabilities of Scheduled Banks



Week-end Position of Foreign Exchange Reserves



PAKISTAN STOCK EXCHANGE

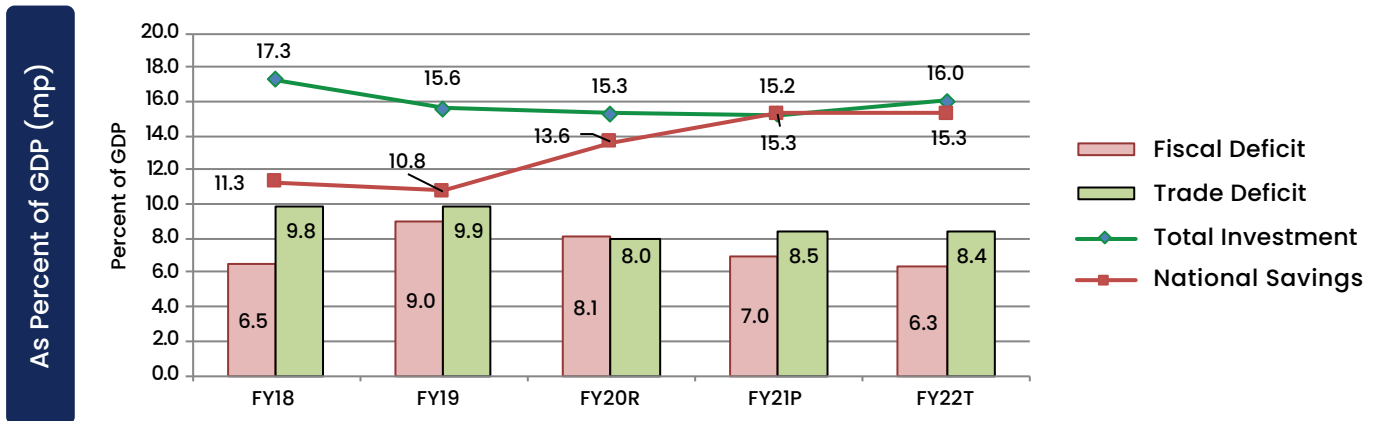
	100 Index
Starting	47,793
Ending	47,055
Change	-738

GOLD RATES

	10 GM, 24K
Starting	PKR 94,050
Ending	PKR 94,736
Change	+686

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

State Bank of Pakistan Maintains Policy Rate Unchanged at 7.0 Percent

Encouraged by the continued domestic recovery and improved inflation outlook, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 7 percent in its meeting held on July 27, 2021. In addition, consumer and business confidence have risen to multi-year highs and inflation expectations have fallen. As a result of these positive developments, growth is projected to rise from 3.9 percent in FY21 to 4-5 percent this year and average inflation to moderate to 7 - 9 percent this year from its recent higher out-turns. Imports are expected to grow on the back of the domestic recovery and rebound in global commodity prices, albeit more moderately than in FY21. The MPC noted that the market-based flexible exchange rate system, resilience in remittances, an improving outlook for exports, and appropriate macroeconomic policy settings should help contain the current account deficit in a sustainable range of 2-3 percent of GDP in FY22. Notwithstanding this moderate current account deficit, the country's foreign exchange reserves position is expected to continue to improve this year due to adequate availability of external financing. Against this backdrop, the MPC felt that the uncertainty created by the on-going fourth COVID wave in Pakistan and the global spread of new variants warrants a continued emphasis on supporting the recovery through accommodative monetary policy.

Looking ahead, in the absence of unforeseen circumstances, the MPC expects monetary policy to remain accommodative in the near term, and any adjustments in the policy rate to be measured and gradual to achieve mildly positive real interest rates over time. If signs emerge of demand-led pressures on inflation or of vulnerabilities in the current account, the MPC noted that it would be prudent for monetary policy to begin to normalize through a gradual reduction in the degree of accommodation. This would help ensure that inflation does not become entrenched at a high level and financial conditions remain orderly, thereby supporting sustainable growth.

In reaching its decision about the policy rate for the next two months, the MPC considered key trends and prospects in the real, external and fiscal sectors, and the resulting outlook for monetary conditions and inflation.

Together Against COVID-19: SECP Asks Companies to Facilitate Vaccination of Employees and Their Families

To support the national campaign to prevent COVID-19, the Securities and Exchange Commission of Pakistan (SECP) has advised over 146,000 companies registered with it, to ensure that their employees/workers, including their families, get vaccinated as soon as possible. In this regard, SECP has issued a circular to all public listed companies, public unlisted and private companies, associations, trade bodies, chambers, non-bank microfinance companies, modarabas, insurance companies, NBFIs, brokers, intermediaries etc.

The companies are also advised to encourage their business suppliers, vendors and customers to get themselves and their families vaccinated, at the earliest. The companies were informed that in order to speed up the vaccination drive the Government of Pakistan (GoP) has made vaccination mandatory for office workers. It is reiterated that vaccination is seen as the only viable way to counter this global health crisis, as those who have not received the vaccine are seven times more likely to contract the virus than those inoculated. The companies are also encouraged to spend their Corporate Social Responsibility Funds for vaccination of their employees and their families.

As per the circular, all companies are required to submit the details of vaccination of their employees and their families to the SECP by July 26, 2021. In case the employees and their families have not yet started and participated in the vaccination drive, the management of the companies are advised to encourage them for vaccination and provide a compliance report by August 31, 2021. The SECP will consider regulatory measures against companies that fail to effectively adhere to the GoP's directions and policies for combating the pandemic.

PSX Announces Launch of 90 Day DFC and New Futures Eligibility Criteria

In a major move forward, Pakistan Stock Exchange (PSX) has introduced a new futures eligibility criteria and communicated the launch of the 90-day maturity Deliverable Futures Contracts (DFC) with effect from July 26, 2021. As per the new criteria, there shall be no segregation of A, B categorization, stocks shall be selected based on such quantitative factors that measure real liquidity.

Exchange Traded Funds (ETF) shall also be eligible if certain conditions are met. However, such companies that have obtained stay order from court against any inquiry/ investigation initiated by the Commission shall not be eligible. All eligible companies and ETFs shall be eligible for trade on Deliverable Futures and Cash Settled Futures Markets.

On the launch of 90-day DFC regime and new futures eligibility criteria, Mr. Farrukh H. Khan, the MD PSX, said, "Launch of the international standard 90-day DFC is a positive development for the Stock Exchange and for all stakeholders of the capital market. 90-day DFC shall open each month such that the market shall have three different maturities (current month expiry, next month expiry and last month expiry) at the start of each contract month."

In addition to this, it will also eliminate the need for a mandatory one week roll-over period as investors can roll-over their existing positions any time before expiry, depending upon the liquidity, hence, alleviating the roll-over week pressure to some extent. The new selection parameters are dynamic and can adopt to any market situation. More companies are now eligible to trade on the futures counter. Based on the recent notified list, 84 companies and 1 ETF are

futures eligible". He further stated, "We appreciate the cooperation extended to us by the SECP in this regard whereby it approved the 90-day DFC regime and new futures eligibility criteria. This is expected to increase volumes and liquidity, and hence improve the depth of the market".

Pakistan Stock Exchange is continuously striving to introduce better and enhanced products for its stakeholders and market participants. PSX aspires to increase its product offerings and introduce more innovative products in the future. With the launch of the 90-day DFC and the new futures eligibility criteria, PSX Future Contract offerings are now in line with international market offerings. This move is part of the efforts of PSX to enhance liquidity in the Futures market, with more options available for investors in terms of securities and contracts of multiple expiries.



IMF Endorses Pakistan's Real GDP Growth of 3.9 percent

The International Monetary Fund (IMF) endorsed on July 27, 2021, Pakistan's real Gross Domestic Product (GDP) growth rate of 3.9 percent. In its World Economic Outlook report 2021 (Update), the IMF also acknowledged Pakistan's robust economic performance and said that "Projections are revised up for the Middle East and Central Asia due to robust activity in some countries (such as...Pakistan)".

Earlier in April this year, the IMF had projected Pakistan's real GDP to grow at 1.5 percent in the year 2021 despite a higher projected rate of 3.0 percent by the State Bank of Pakistan (SBP). Pakistan government had already released the provisional data of GDP growth rate (3.9 percent) for the year 2020-21 backed by robust industrial growth and higher than expected agriculture output. The SBP on July 27, 2021

forecast the GDP growth to rise from 3.9 percent in FY21 to 4-5 percent this year, and average inflation to moderate to 7-9 percent, from its recent higher out-turns.

Pakistan Ranks Top 10 in Business Environment: Report

Pakistan has been ranked one of the world's top 10 economies with the most improved business environment due to taking measures which improved its ability to attract foreign investment and strengthened the ease of doing business (EODB) year by year, China Economic Net (CEN) reported.

In this regard, the Annual Report on Investment Security of China's Belt and Road Construction (2021) was jointly released by China Belt and Road Think Tank Cooperation Alliance, Beijing International Studies University and other institutions.

The report puts forward the fruits of researches on the political, economic, social, cultural and ecological investment security in countries along the Belt and Road Initiative (BRI). According to the report, Pakistan has reformed to simplify the process of starting a company and obtaining a construction permit, implementing a series of preferential policies in recent years.

In terms of political security, the report said that South Asia as a whole is greatly affected by the superpower game. China, the United States, Russia, Japan and other countries outside the region have historical ties and practical cooperation here, which makes the geopolitical environment of South Asia complicated.

The long-running conflict between India and Pakistan has also intensified pressures on political security in the region, under which the dispute over Kashmir poses a long-standing risk of war.

From the perspective of economic security, Pakistan economic security scored up by 220 percent in 2019 compared to 2010, showing an overall trend of growth.

The construction of the China-Pakistan Economic Corridor (CPEC) has greatly boosted public confidence, stimulated domestic demand and driven production.

However, it is worth noting that since 2019, the accelerated marketization of the domestic exchange rate in Pakistan has led to market fluctuations, currency devaluation, sustained inflation, forcing the government to raise the benchmark interest rate. Besides, the debt burden increased and the international sovereign rating lowered.

International Economic Roundup

IMF Warns That Inflation Could Prove to be Persistent and Central Banks May Need to Act

The International Monetary Fund (IMF) warned that there's a risk inflation will prove to be more than just transitory, pushing central banks to take pre-emptive action.

The issue is currently dividing the investment community, which has been busy contemplating whether a recent surge in consumer prices is here to stay. In the U.S., the consumer price index came in at 5.4 percent in June — the fastest pace in almost 13 years. In the U.K., the inflation rate reached 2.5 percent in June — the highest level since August 2018 and above the Bank of England's target of 2.0 percent.

For the most part, the Washington-based institution sees these price pressures as transitory. "Inflation is expected to return to its pre-pandemic ranges in most countries in 2022," the Fund said in its latest World Economic Outlook update released on July 27, 2021.

However, it warned that "uncertainty remains high."

"There is however a risk that transitory pressures could become more persistent and central banks may need to take preemptive action," the IMF said.

Higher prices increase the chances that central banks will start to curb their ultra-accommodative monetary policies, such as a tapering of market-friendly stimulus like asset purchases.

China Stocks See Biggest Slump in US Since 2008 Financial Crisis

Shares of Chinese companies listed in the US have seen their biggest two-day fall since the 2008 financial crisis. The Nasdaq Golden Dragon China Index, which follows the 98 biggest US-listed Chinese stocks, has fallen by almost 15 percent in the last two trading sessions. The index has now plummeted by more than 45 percent since hitting a record high in February.

The slump comes after a series of crackdowns by Beijing on its technology and education industries. This has led to around \$770 billion (£556 billion) being wiped off the value of US-listed Chinese stocks in the last five months alone. The latest blow came as Beijing unveiled a massive overhaul of China's \$120 billion private tutoring sector, under which all institutions offering tuition on school curricula will be registered as non-profit organizations. The new rules also said: "Curriculum subject-tutoring institutions are not allowed to go public for financing; listed companies should

not invest in the institutions and foreign capital is barred from such institutions." That pushed down the stock market value of private education firms in the US, Hong Kong and mainland China. Chinese authorities are also cracking down on a wide range of online services from food delivery apps to music streaming platforms.

On Monday, China's State Administration for Market Regulation (SAMR) issued new rules aimed at improving the employment conditions of delivery workers. The SAMR called for delivery workers to be paid at least the minimum wage, have their workload eased and be given better training.

Meituan, which runs one of China's biggest food delivery apps, saw its shares lose more than 10 percent of its value on Tuesday in Hong Kong trade, on top of a 14 percent slide the previous day. Shares in Tencent fell by another 7.5 percent on Tuesday in Hong Kong after China ordered the technology giant to end exclusive music licensing deals with major record labels around the world.

Regulators said the move was aimed at tackling the company's dominance of online music streaming in the country. And earlier this year, Chinese e-commerce giant Alibaba accepted a record \$2.8 billion fine after an official investigation found that it had abused its market position for years.

SNIPS

A Devastating Effect

If global temperature increases by 3°, 41 percent of mammals would lose half their habitat, warns United Nations.

Failure to Help Poor Countries Fight COVID 'Could Cost Global Economy \$4.5 trillion', says IMF

The world economy risks losing \$4.5 trillion (£3.3 trillion) from highly infectious variants of COVID-19 spreading through poor countries where vaccination rates are lower, the International Monetary Fund has warned.

Calling on rich countries to take urgent action to share at least 1 billion doses with developing nations, or risk severe economic consequences, the IMF said the gap between rich and poor economies had widened during the pandemic and risked worsening further next year.

A speedy rollout of vaccines has improved the economic outlook in wealthier countries, including the UK, while a lack of resources to improve vaccination rates and support the reopening of their economies has depressed growth rates across low-income countries.

Setting out the downside risk scenario in its six-monthly health check of the global economy, the IMF said the new coronavirus variants would wipe \$4.5 trillion from global GDP by 2025 with the potential for more than two-thirds of that loss falling on middle- and low-income countries.

The IMF said financial markets could be thrown into panic if the virus was believed to be spreading out of control, restricting lending and investment, and lowering the potential for growth over many years.

The IMF's most recent proposal to end the pandemic sets a goal of vaccinating at least 40 percent of the population in every country by the end of 2021 and at least 60 percent by mid-2022 at a cost of \$50 billion.

"At the end of June 2021, the pace of daily global vaccinations stood at about 40 million doses a day, with China alone accounting for more than 20 million of those daily doses," the report said.

"High-income countries account for 7 million doses a day. By contrast, fewer than 100,000 doses a day are being administered in low-income countries. Vaccine supplies and deliveries to low- and lower-middle-income countries must increase sharply to meet the proposal's targets. In close to half of countries recent daily vaccination rates fell below the rate needed to meet the 40 percent target by the end of 2021."



Amazon Bitcoin Job Ad Boosts Cryptocurrency Surge

The price of some cryptocurrencies has surged, after retailer Amazon revealed it was hiring an expert in the field. It advertised for a "digital currency and blockchain product lead" to look at "how Amazon's customers pay".

Bitcoin rose from \$29,000 (£21,000) to more than \$39,000 per coin on Monday, its largest growth in several weeks. Ethereum and Dogecoin also saw gains. However, Amazon has not confirmed any plans to accept cryptocurrency payments, despite the speculation.

The job advert has been widely reported by cryptocurrency enthusiast sites and London's City AM newspaper quoted an unnamed source as saying Amazon was "definitely" pursuing Bitcoin payments in the near future.

Amazon said the successful candidate for the new job would:

- ◇ have a deep understanding of cryptocurrency
- ◇ "develop the case" for what Amazon should pursue
- ◇ create the strategy for doing so
- ◇ present the arguments to "very senior executives"

"We're inspired by the innovation happening in the cryptocurrency space and are exploring what this could look like on Amazon," a representative said. "We believe the future will be built on new technologies that enable modern, fast and inexpensive payments and hope to bring that future to Amazon customers as soon as possible."

Hargreaves Lansdown senior investment and markets analyst Susannah Streeter said enthusiasts were "salivating for every nugget of news about the future" of cryptocurrency. "Amazon has scores of openings for blockchain specialists," she said. "Given the might of Amazon Web Services, it isn't surprising that the tech giant wants to be at the cutting edge of new payments technology - and establishing a new digital currency is likely to be on the agenda."

But Ms. Streeter added: "The sensitivity of crypto-coins and tokens remains stark and given the uncertain landscape ahead, with central banks looking to develop their own digital coins, investors should be wary of speculating with money they can't afford to lose."

Last week, Elon Musk hinted his Tesla car company may start accepting Bitcoin once again in the near future.

MANAGEMENT VIEWS



Nervous About Public Speaking? Focus on Serving Your Audience

Public speaking can be nerve wracking. If you dread it, you are not alone. The good news is that you can take actions to shift your mindset and assuage your anxiety. Think about being a "giver," not a "taker." This means focusing on your audience, not yourself. What do your listeners need from you? Your job as a presenter is to help the people in the room (or on Zoom) grow and meet their goals. Think of your presentation as an act of service as opposed to a talent show or self-promotional opportunity. To get into this mindset, choose three to five influential leaders or stakeholders who will be in your audience and meet with them beforehand to ask about their concerns and goals surrounding the topic of your presentation. Then, adjust your message accordingly, with the intention of making sure you are serving them. This will help you shift your focus outwards, from yourself to the audience and as a result, ease some of your nerves.

(This tip is adapted from *Don't Let Anxiety Sabotage Your Next Presentation*, by Riaz Meghji – HBR.)

Invest in Mental Health Apps for Your Employees

Over the last year, many employers have sought out ways to best support employees' mental health. One option (in addition to offering robust health care that covers face-to-face therapy with a licensed clinician) is to offer access to a mental health app or digital tool. Of course, these apps alone are not enough to treat a mental health condition, but they can offer employees access to effective tools, skills and resources – from mindfulness exercises, to mood and behavior tracking, to biofeedback – that may help them better cope and manage. Do your research on these tools and consider which features and offerings would be most relevant to your particular employee population. If you need to, make the case to your HR department that it is worth the financial investment, highlighting the benefits to your team in terms of reduced burnout and increased productivity and engagement. And if you do invest in an app, be sure to track the impact by checking in with your employees regularly on how they are doing – and if they are actually using the tool.

(This tip is adapted from *Should Your Company Provide*

Mental Health Apps to Employees?, by John Torous and Elena Rodriguez-Villa – HBR.)

Protect Your Eyes From the Damage of Too Much Screen Time

If your screen time has increased in the past year, you are probably getting more exposure to blue light – a leading cause of vision-related issues. That nagging pain behind your eyes after staring at your devices all day could be eye fatigue or eye strain. The good news? It is preventable! Try these tips.

- ◊ Maintain a one-arm distance from your laptop while working.
- ◊ Tilt your screen slightly downwards to reduce glare. You can also use a blue-light-blocking screen cover for your laptop or wear blue-light glasses.
- ◊ If you use your devices at night (hello, doomscrolling), be sure to turn on the warm light scale so the blue light does not impact your sleep-wake cycle.
- ◊ Follow the 20-20-20 rule. When you are working on a laptop, take a break every 20 minutes. Look at an object 20 feet away for 20 seconds to give your eyes a chance to relax.
- ◊ Ensure that you get regular eye check-ups. If your doctor recommends it, you can also use an eye lubricant or artificial tear drops to prevent your eyes from drying out.
- ◊ Finally, keep track of what you eat. Consume green, leafy vegetables and foods that are high in Omega-3 oils.

(This tip is adapted from *Is Too Much Screen Time Giving You Eye Fatigue?*, by Dr. Kara Hartl – HBR.)

SNIPS

Little Faith in the Budget

About 53 percent of Pakistanis believe that the annual and provincial budgets will not create ease for the common man, according to an opinion poll by Gallup & Gilani.

Inflationary Affect

Over the last 12 months, overall prices in the US went up by 5.4 percent – the biggest jump in 13 years, reports CNN.

IBP TRAINING CALENDAR JULY-AUGUST 2021



JULY 31
Saturday
10AM - 2PM

SECP AML/CFT Regulations

FACILITATOR: Sumera Baloch

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

ONLINE TRAINING

AUGUST 11
Wednesday
9AM - 1PM

Risk Based Approaches in International Trade

FACILITATOR: Aqeel Muslim

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

ONLINE TRAINING

AUGUST 12
Thursday
10AM - 2PM

SBP Guidelines on Stress Testing

FACILITATOR: Javaid Ismail

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

ONLINE TRAINING

AUGUST 12
Thursday
9AM - 1PM

Well-Being at Work: Creating a Positive Working Environment

FACILITATOR: Rabia Omar Hassan

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

ONLINE TRAINING

AUGUST 17
Tuesday
2PM - 6PM

COBIT 2019 Framework: Introduction & Methodology

FACILITATOR: Atta Ullah Memon

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

ONLINE TRAINING

AUGUST 20
Friday
3PM - 7PM

IT Risk Management

FACILITATOR: Syed Muhammad Ali Naqvi

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

ONLINE TRAINING

AUGUST 21
Saturday
10AM - 2PM

AML/ CFT Regulations for Electronic Money Institutions (EMIs)

FACILITATOR: Sumera Baloch

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

ONLINE TRAINING

AUGUST 21
Saturday
4PM - 8PM

Risk Based Auditing

FACILITATOR: Aamir Shaukat Hussain

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

ONLINE TRAINING