VOLUME 17 / ISSUE 25 / JUNE 24, 2022

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

economicletter

a weekly publication of The Institute of Bankers Pakistan

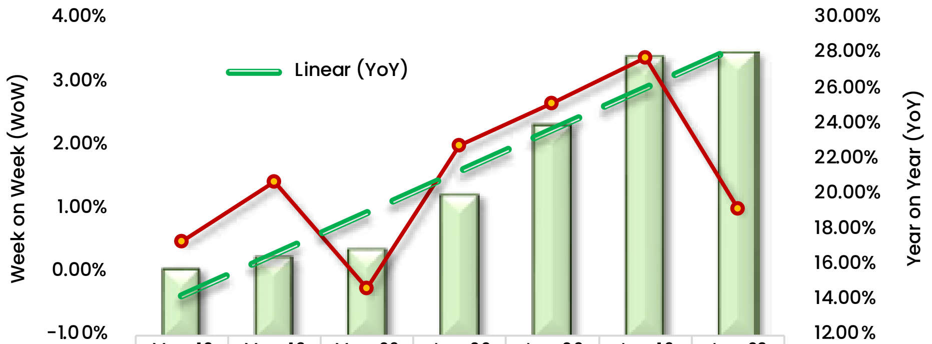
Domestic Economic Roundup

Key Money & Banking Indicators:

Rs in billion

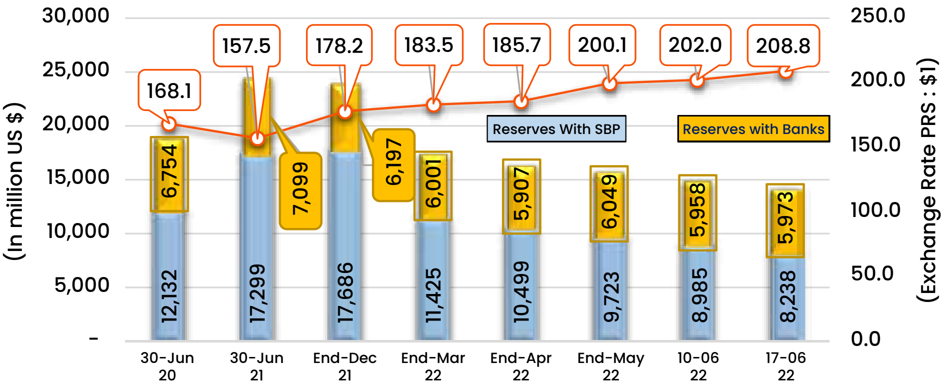
	Stocks at End-June 2021	Flows		Impact Since 1st July to	
		FY20	FY21	10-June-22	11-June-21
Total Deposits with Banks	17,319.8	1,910.0	2,595.0	1,229.6	1,400.0
Credit to Private Sector	7,629.1	196.4	766.2	1,381.2	457.9
Govt. Sector Borrowings (Net)	16,265.1	2,210.6	1,717.9	2,795.3	1,280.1

Weekly Trend in Sensitive Price Indicator (SPI)

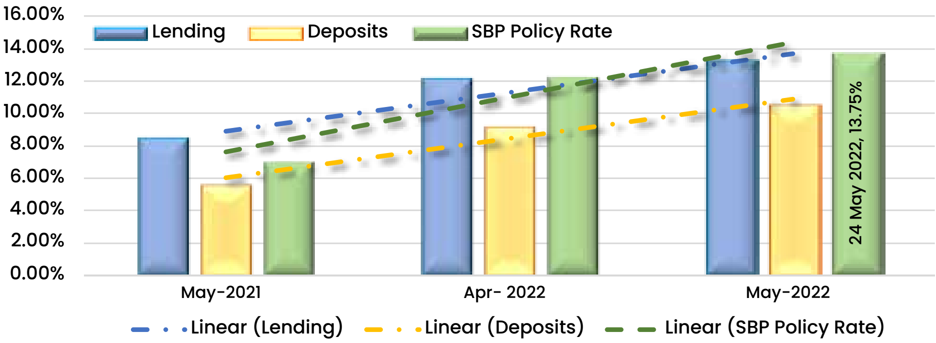


	May-12 2022	May-19 2022	May-26 2022	Jun-02 2022	Jun-09 2022	Jun-16 2022	Jun-23 2022
YoY	15.85%	16.54%	16.97%	20.04%	23.98%	27.82%	28.05%
WoW	0.49%	1.42%	-0.26%	2.00%	2.67%	3.38%	1.01%

Forex Reserves and Exchange Rate



Weighted Average Lending and Deposit Rates (All Banks)



Markets at a Glance

Rates taken till Friday, June 24, 2022

SBP POLICY RATE

13.75% | Effective from May 24, 2022

KIBOR (6 MONTHS)

	Bid%	Offer%
Starting	15.17	15.42
Ending	15.10	15.35
Change	-0.07	-0.07

FOREX RATES

	GBP	EURO	USD
Starting	PKR 256.76	PKR 219.58	PKR 208.75
Ending	PKR 254.64	PKR 218.41	PKR 207.48
Change	PKR -2.12	PKR -1.17	PKR -1.27

PAKISTAN STOCK EXCHANGE

	100 Index
Starting	42,140
Ending	41,051
Change	-1,089

GOLD RATES

	10 GM, 24K
Starting	PKR 123,954
Ending	PKR 122,472
Change	-1,482

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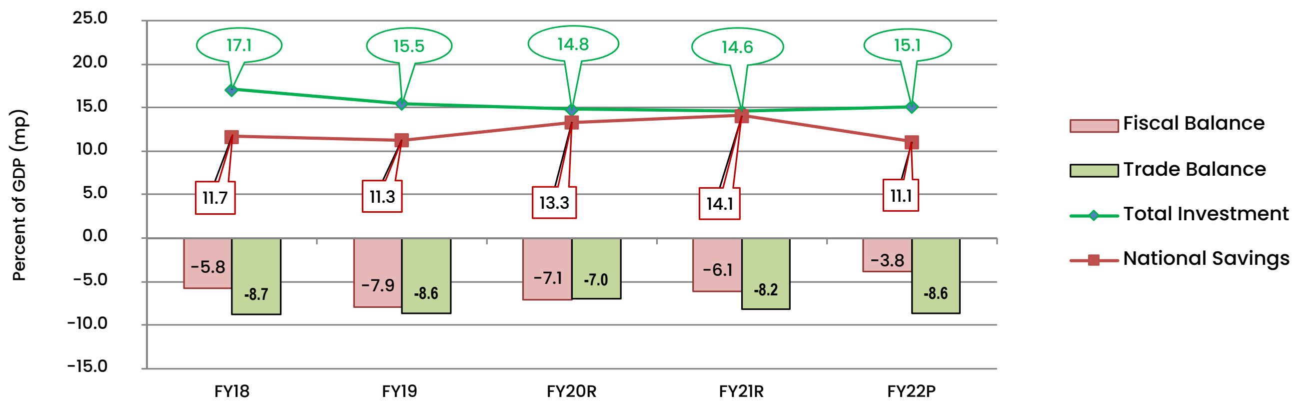
Pakistan's Major Economic Indicators

Real Sector (Percent Growth)	FY18	FY19	FY20^F	FY21^R	FY22^P
Real GDP (2015-16 = 100)	6.1%	3.1%	-0.9%	5.7%	6.0%
Agriculture Sector	3.9%	0.9%	3.9%	3.5%	4.4%
Manufacturing Sector	7.1%	4.5%	-7.8%	10.5%	9.8%
Services Sector	6.0%	5.0%	-1.2%	6.0%	6.2%
Real GDP (Rs. in billion)	33,859.6	34,916.0	34,586.7	36,572.6	38,755.1
Nominal GDP (Rs. in billion)	36,514.2	41,110.2	44,746.9	52,213.3	62,677.6
GNI (MP) PRS Per Capita	194,181	214,695	230,349	268,223	314,353
GNI (MP) US $ Per Capita	1,767.9	1,577.6	1,457.6	1,676.5	1,797.5

As Percent of Nominal GDP (MP)



CPI INFLATION (YoY%)	Annual Average			Year-on-Year		
	FY19	FY20	FY21	May 2021	Apr 2022	May 2022
General	6.8	10.7	8.9	10.9	13.4	13.8
Food (Urban)	4.6	13.6	12.4	15.3	15.6	15.5
Non-Food (Urban)	8.5	8.3	5.7	8.3	10.2	10.4

Currency in Circulation as on (Stock data)					Rs. in billion
June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	Jun 11, 2021	Jun 10, 2022
4,387.8	4,950.0	6,142.0	6,909.9	7,070.6	7,725.3

Sources: i) Pakistan Economic Survey 2021-22, Finance Division ii) Pakistan Bureau of Statistics iii) Data published on SBP website | P = Provisional | R = Revised | F = Final

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SBP Weighs in Measures to Conserve Energy, Fuel in Banking Sector

State Bank of Pakistan (SBP) provides policy guideline to the banking industry on energy conservation while concurrently undertaking several measures internally in this regard.

SBP circular issued on June 22, 2022, to Presidents and CEOs of commercial banks and other financial institutions mentioned that since the Federal and Provincial governments were taking a number of actions to address the prevailing energy situation in the country, it urged them to play their due role for energy and fuel conservation. Such measures may include the following:

- The banks may formulate a policy on "Work From Home (WFH)" whereby banks' offices (other than branches) can observe, one/two days in every week, as WFH to achieve the intended objectives.
- The banks may close all of its premises including branches at 7:00 pm or earlier and switch-off their electric supply except for any emergency use, call centers, monitoring of Alternative Delivery Channels (ADCs), back-ups and maintaining necessary electrical/ IT equipment. Moreover, the air-conditioners at ATMs vestibules may be used economically.
- The electrically illuminated sign-boards of branches and other offices shall remain switched-off, at all times.
- The banks are encouraged to hold their meetings (intra/inter-city etc.) virtually and also curtail their local as well as international travelling expenses.
- The banks shall encourage their staff to pool their transportation for commuting to and from their respective offices and take any other measure(s) for reducing the commutation time of the bank staff.
- The banks may adopt the use of alternate and cost effective sources of energy such as deployment of solar technologies and encourage use of energy efficient equipment, fixtures and appliances in their premises.
- The banks may take any other steps/ actions to curtail the consumption of electricity and fuel in their respective offices including branches.

The banks shall enhance awareness of their employees as well as customers about energy conservation initiatives and encourage them to take part in this energy conservation drive.

In order to achieve the intended objectives, the banks are advised to ensure adequate oversight and monitoring mechanism of energy conservation drive.

In view of foregoing, banks are advised to take appropriate measures and share their energy conservation plan with SBP latest by June 24, 2022 (Friday). Such measures should be effective latest from July 01, 2022.

SECP Notifies Draft Asset Backed Securitization Regulations, 2022

The Securities and Exchange Commission of Pakistan (SECP) has notified draft Asset Backed Securitization Regulations, 2022 (the "Regulations") for public consultation, according to an SECP release on June 22, 2022. These regulations provide mechanism for asset backed securitization covering all aspects of the securitization process.

Currently, asset backed securitization is governed by Asset Backed Securitization Rules, 1999 (the "Rules") and the subsequent Regulations are drafted to provide holistic regulatory framework under the Rules.

Proposed regulations would enable companies to raise funds from the capital market in timely and cost-effective manner through issuance of asset backed securities through two modes: i) public offering and ii) private placement. Moreover, under these Regulations real estate assets which have cash generating ability and actionable claims can also be securitized.

Under the proposed regulations companies can issue asset backed securities by creating a special purpose vehicle (SPV) registered with SECP under the Rules where companies can create 100 percent owned SPV. The format of application for registration of SPV, Fit & Proper Criteria and prospectus is provided as Schedule-I, Schedule-II and Schedule-III to the Regulations respectively.

Regulatory framework has been designed in line with the disclosure-based regime being followed by the regulator and global practices. Process flow for issuance of asset backed securities is covered in detail in draft Regulations and Summary of Regulations, available at SECP's website at

https://www.secp.gov.pk/document/notification-draft-asset-backed-securitizationregulations-2022/?wpdmdl=44849&refresh=62b2e37c86a8d1655890812.

To facilitate users, a Summary of the Regulations highlighting key features is also published which can be accessed at

https://www.secp.gov.pk/document/summaryof-draft-asset-backed-securitization-regulations2022/?wpdmdl=44855&refresh=62b30b41910921655900993.

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SECP Invites Public Comments on Draft Amendments to Securities & Futures Advisers Regulations, 2017

The Securities and Exchange Commission of Pakistan (SECP) has initiated a 14-day public consultation period on draft amendments to the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017 (the S&FA Regulations), according to a June 22, 2022 press release. The S&FA Regulations provide licensing and operational requirements for securities advisers, futures advisers and distributors of units of collective investment schemes (CIS), and voluntary pension funds (VPF) managers.

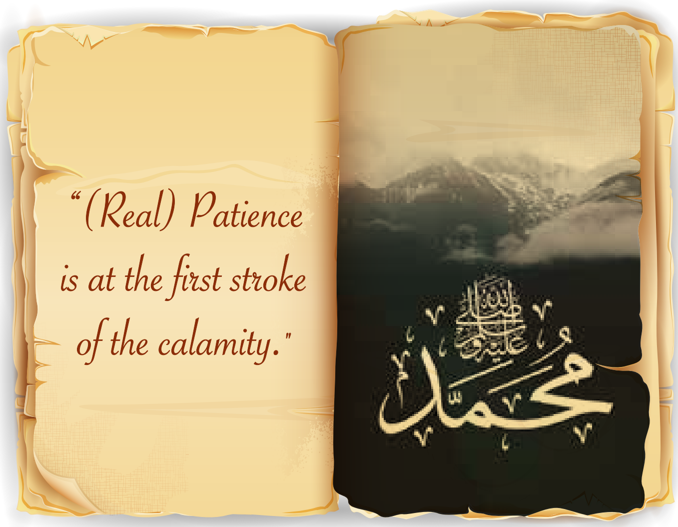
The amendments introduce a dedicated framework for securities advisors wanting to only undertake distribution of CIS/VPF units, without offering any advisory services, in addition to creating exemptions for microfinance banks, electronic money institutions and non-bank microfinance companies engaging in distribution of CIS/VPF units.

To encourage existing players, the draft amendments clarify that securities advisors may inherently carry out distribution function without any separate fees. For encouraging participation of qualified individuals and tech startups, qualification requirements are being rationalized and eligibility criteria for individuals in full-time employment is specified while ensuring that any conflict of interest is adequately managed. To improve investor protection and to discourage mis-selling, amendments also categorically restrict distributors from using certain nomenclature. The fit and proper criteria is also being rationalized and the role of industry associations is introduced in line with international best practices

The draft amendments aim to cater to the evolving needs of the sector in this backdrop, while keeping in mind the long-prevailing objective of increasing and broadening the investor base in country's capital market. The changes are intended to enable growth in mutual fund distribution channels, encourage third party distribution of CIS and VPF units, promote a facilitative digital distribution regime and simplify overall licensing procedures and requirements.

Globally, advisers and distributors have played a pivotal role in expanding market outreach to untapped investor segments, harnessing retail investors and more effectively channelizing savings into investments through technology enabled solutions/platforms. The amendments, drafted after an initial round of industry consultations, will be further improved by incorporating feedback and suggestions received during the public consultation period. The draft amendments can be accessed at:

https://www.secp.gov.pk/document/draft-amendments-to-securities-and-futuresadvisors-regulations-2017-for publiccomments/?wpdmdl=44840&refresh=62b3025fb0f011655898719.



SBP Receives Highest Ever Daily Inflows Worth $57 million in RDA

Deposit inflows in Roshan Digital Account (RDA) recorded highest ever daily figure on June 21, 2022 as $57 million were deposited in a single day.

According to a message by official Twitter handle of the State Bank of Pakistan with the significant increase, total deposits in RDA have crossed $4.5 billion till June 21, 2022.

At the end May 2022 total 416,837 accounts were opened under RDA with an inflow of $ 4.4 million while in the current month $169 million were deposited through Roshan Digital Accounts up to June 21, 2022.

The central bank termed it another historic day in Roshan Digital Account and expressed gratitude to oversees Pakistanis for their continuous trust and commitment.

SECP Introduces Enabling Framework for Peer-to-Peer Lending

With an aim to increase access to finance for small businesses, the Securities and Exchange Commission of Pakistan (SECP) has notified the regulatory framework for Peer-to-Peer (P2P) Lending on June 21, 2022. The new framework, introduced under the NBFC Regulations, 2008, sets out the eligibility requirements and the process of applying to SECP for permission to work as a P2P Service Provider.

Under the framework, a lending NBFC having a valid license is eligible to apply for permission to act as P2P Service

Provider subject to fulfilling certain requirements including additional equity; demonstrable technological, entrepreneurial and managerial resources; viable business plan; and a robust and secure information technology system.

Furthermore, the prudential norms under the framework specify the limits for loan size, exposure to lenders, maximum investment, maturity period of loans and eligibility of lenders and borrowers.

The rollout of P2P Lending Framework, following its successful testing under SECP's Regulatory Sandbox, is a value addition in the financial landscape of Pakistan and is expected to contribute significantly towards improving financial inclusion in the country, especially for small business enterprises that otherwise do not have access to formal finance.

Globally, tech-enabled P2P lending has emerged as an alternative to formal bank lending. It provides an online marketplace that matches investors willing to lend money, with the borrowers seeking loans; hence, eliminating the need for financial intermediation by conventional financial institutions.

Financial System Performed Well and Remained Resilient, Says SBP

The State Bank of Pakistan (SBP) has issued its annual flagship publication, the Financial Stability Review (FSR) for Calendar Year 2021 (CY21) on June 21, 2022. The Review presents the performance and risk assessment of various segments of the financial sector including banks, non-bank financial institutions, financial markets, financial market infrastructures and non-financial corporates.

The assessment of global dynamics highlights that due to the better management of pandemic and an extensive vaccine inoculation drive, the ensuing recovery in world economic activity that started in second half of CY20 got further traction in CY21. However, supply chain disruptions fueled inflationary pressures and the recurring waves of new COVID-19 variants continued to pose challenges to the global economic activity and financial markets.

The review highlights that the domestic economy navigated through two COVID-19 waves during CY21 without significant impact due to effective management of the pandemic, which facilitated a strong revival in economic activity. The GDP grew by 5.7 percent in FY21 (against 1.0 percent contraction in FY20), and the momentum got further traction in FY22 to post an estimated growth of 6.0 percent. However, the robust recovery in demand and rising international commodity prices, especially oil, led to external account pressures. Accordingly, SBP took a number of macro-prudential and monetary policy measures to stabilize the external account, moderate the domestic demand and address associated risks.

In the context of strong economic expansion, financial sector manifested steady performance while its financial and operational resilience remained intact. The financial sector's asset base expanded by 15.6 percent in CY21, while financial markets observed a relatively contained volatility compared to last year.

The FSR indicates that the banking sector, the major part of the financial system—posted a strong growth of 19.6 percent (CY20: 14.2 percent), which was particularly aided by a surge in private sector advances. The expansion was well supported by healthy deposits growth of 17.3 percent, while banks also increased reliance on borrowing from the banking system. Encouragingly, credit risk of the banking sector remained contained as gross NPLs ratio declined by 130 bps to 7.9 percent, while provisions coverage ratio improved by 291 bps to 91.2 percent.

Accordingly, net NPLs ratio declined to 0.7 percent, indicating lower residual risk to the solvency from delinquent loans. On the performance front, the earning indicators observed improvement as ROA stood at 1.0 percent and ROE improved to 14.1 percent. Due, in part, to the improved earnings, banks' solvency remained strong as reflected in the high Capital Adequacy Ratio of 16.7 percent that stayed well above the minimum domestic regulatory benchmark of 11.5 percent and international benchmark of 10.5 percent.

The Islamic banking segment also posted strong performance with a 30.6 percent increase in its asset base during CY21, extending their share by 160 bps to 18.6 percent in the banking sector. Microfinance Banks, which exhibited a reasonable growth, observed an inch up in infection rate and deterioration in earning indicators.

From the demand side perspective, the FSR reveals that Non-Financial Corporate sector showed a marked improvement in profitability, business turnover, efficiency and debt repayment capacity. While this improvement bodes well for credit risk of the financial system, it also signifies a likely boost in the corporate sector's demand for financial products and services.

The report notes that Financial Market Infrastructures (FMIs) remained resilient and continued to perform efficiently without any major disruption. SBP launched Pakistan's Instant Payment System, RAAST, which marked a major step towards implementing the National Payment Systems Strategy. Since the launch of its P2P component in February, 2022, the number of RAAST IDs registration surpassed the 10 million mark, with aggregated value of transaction crossing PKR 36 billion.

Similarly, the Roshan Digital Account initiative, which was introduced in late CY20 to provide a convenient way of digital banking services to Pakistani Diaspora, crossed 416 thousand accounts with a cumulative inflow of over USD 4.4 billion by end-May 2022.

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Likewise, a comprehensive Customers' Digital Onboarding Framework has been introduced to allow resident Pakistanis to remotely open bank accounts. Such initiatives are also expected to play a key role in enhancing financial inclusion in the country. To cater to cyber security risk, which is mainly associated with increasing use of technology and evolving digital payment landscape, SBP took various measures during the year to enhance industry's resilience against the risk.

The review also highlights various measures taken by SBP during the year to strengthen the regulatory and supervisory regime, including the introduction of a forward-looking Risk-Based Supervisory framework and lender of last resort (LOLR) facility to enhance its financial safety nets. Importantly, the amended SBP Act 1956 has clearly delineated financial stability as one of the objectives of SBP.

Going forward, risks to financial stability are contingent upon the strength of external buffers, policy continuity, and overall macroeconomic conditions in the context of developments on geo-political front in Europe, global commodity prices and global financial conditions. Stress test results, in the meantime, show that the banking sector is expected to maintain a reasonable resilience against various hypothetical adverse economic shocks over the projection period of three years.

Amid the dynamic and challenging environment both at domestic and global fronts, SBP, on its part, will continue to undertake initiatives to keep pace with the evolving financial landscape and remains vigilant to the emerging risks, while standing ready to take necessary measures in pursuit of its statutory objectives of price stability, financial stability and economic growth.

The Financial Stability Review can be accessed at:
https://www.sbp.org.pk/FSR/2021/index.htm

International Economic Roundup

Europe Told to Prepare for Russia Turning Off Gas

The head of the International Energy Agency has warned that Russia may stop supplying gas to Europe this winter. Fatih Birol says he believes a complete shutdown is not the most likely scenario but that Europe needs to work on contingency plans just in case. In recent weeks, several European countries said they received significantly less Russian gas than they expected. Russian officials deny it is deliberate and have blamed technical issues.

Before the invasion of Ukraine, Europe imported about 40 percent of its natural gas from Russia but that figure has now fallen to about 20 percent. Mr. Birol says he believes that recent Russian reductions in gas supply are "strategic". The falls are making it harder for European countries to fill up their gas storage and increasing Russia's leverage this winter. "I would not rule out Russia continuing to find different issues here and there, and continuing to find excuses to further reduce gas deliveries to Europe and maybe even cut it off completely," Mr. Birol said.

Last week the flow of natural gas through Nord Stream 1, one of the main pipelines from Russia to Europe, was just 40 percent of capacity. Many experts are skeptical of the Russian explanation that this was caused by "technical issues". Across Europe, shortfalls in gas supply continue to be reported. On June 17, 2022 the Italian firm energy firm Eni said that it had only received half of the gas that it was expecting from the Russian state-controlled gas giant Gazprom, while Slovakia and Austria have also reported falls. France says it has received no Russian gas from Germany since June 15, while Poland, Bulgaria, Finland, Denmark and the Netherlands have had their Russian gas deliveries suspended after they refused a demand to pay in Russian rubles.

Last month European countries agreed to try to protect themselves from the volatility of gas prices by filling up their storage facilities. They jointly committed to reaching at least 80 percent capacity by November, with the latest data suggesting they are at about 55 percent.

Mr. Birol said the ongoing gas crisis now justified emergency short-term measures to reduce demand, such as increasing the use of coal-fired power stations, and if possible prolonging the life of nuclear power plants. If there was a complete shutdown of Russian gas supply, he says drastic measures may be needed. "I do not exclude the possibility that Europe will need a planned and orderly rationing of gas," Mr. Birol says. "I do not say this is the base scenario, but looking at the last several months, if not several years, the experiences we have had with Russia as an energy partner, this is a scenario we cannot afford to exclude for the time being."

Rolls Royce to Give Staff £2,000 Living Cost Bonus

More than 14,000 staff at Rolls Royce will be given a £2,000 one-off payment to help with the rising cost of living in the UK. The payment will be for junior management and shop floor staff, mainly based at its Derby and Bristol sites, said the engineering firm.

The lump sum will start to be rolled out to 3,000 staff in their August pay. The remaining 11,000 unionized workers will receive the payment after their union approves the amount. Earlier this month Lloyds Bank announced measures to help staff cope with rising costs, as energy bills continue to soar and UK inflation hits a 40-year high.

A Rolls Royce spokesperson said that 70 percent of its UK workforce will receive the payment, adding that the company is also "offering our shop floor staff the highest annual pay rise for at least a decade". There are ongoing discussions with unions about a pay settlement for 2022-2023, the spokesperson said, and the cost of living issue is to be a factor in those negotiations. The spokesperson also told that the 11,000 unionized members will also be offered a 4 percent increase in pay, back-dated to March.

Pay rates and measures to help UK staff have been increasing as businesses have been seeking to recruit and retain staff, after official figures showed that there were fewer unemployed people than job vacancies for the first time since records began. Lloyds Bank staff were offered a £1,000 lump sum to help with rising costs, after Unite the Union demonstrated outside its annual general meeting last month.

Inflation - the rate at which prices rise - currently stands at 9 percent, and is expected to increase again later this year. Rolls Royce was badly impacted by the global coronavirus pandemic, which hit demand for its aircraft engines as international air travel ground to a halt. In 2020 it announced plans to cut its global workforce by 9,000 by the end of this year, with 3,000 of those jobs going in the UK. At the time it said it would take "several years" for the industry to recover from the pandemic. In the first year of COVID-19, Rolls Royce made a loss of £4 billion because of the collapse in air travel, however it returned to profit in 2021.

In the company's latest trading update, chief executive Warren East said the company's financial performance had improved in 2021 and it had made "significant progress on the path to recovery from the impact of COVID-19". "We are confident that we have positioned the business to achieve positive profit and cash this year, driven by the benefits of our cost reductions and increased engine flying hours in civil aerospace together with a strong performance in defense and power systems," he added.

Staff shortages are also putting pressure on firms to raise wages. Earlier this month, Morrisons said it would increase pay for its store workers as UK supermarkets battle for staff in the face of increasing competition in the sector. Rival chains Tesco, Sainsbury's and Asda have also announced pay rises for their workers this year.

Ukraine War: Russia Becomes China's Biggest Oil Supplier

Russia has become China's biggest supplier of oil as the country sold discounted crude to Beijing amid sanctions over the Ukraine war. Imports of Russian oil rose by 55 percent from a year earlier to a record level in May, displacing Saudi Arabia as China's biggest provider. China has ramped up purchases of Russian oil despite demand dampened by COVID-19 curbs and a slowing economy. In February, China and Russia declared their friendship had "no limits".

And Chinese companies, including state refining giant Sinopec and state-run Zhenhua Oil, have increased their purchases of Russian crude in recent months after being offered heavy discounts as buyers in Europe and the US shunned Russian energy in line with sanctions over its war on Ukraine. The imports into China, which include supplies pumped through the East Siberia Pacific Ocean pipeline and shipments by sea, totaled nearly 8.42 million tonnes last month, according to data from the Chinese General Administration of Customs.

That pushed Saudi Arabia - formerly China's biggest source of crude oil - into second place with 7.82 million tonnes. In March, the US and UK said they would ban Russian oil, while the European Union has been working towards ending its reliance on Russian gas, as the West steps up the economic response to the invasion of Ukraine. At the time, US President Joe Biden said the move targeted "the main artery of Russia's economy". Energy exports are a vital source of revenue for Russia but the move is also likely to impact Western consumers.

Last week, a report by the Centre for Research on Energy and Clean Air think tank said Russia earned almost $100 billion (£82 billion) in revenue from fossil fuel exports in the first 100 days of the country's invasion of Ukraine, despite a fall in exports in May. The European Union made up 61 percent of these imports, worth approximately $59 billion. Overall, exports of Russian oil and gas are falling and Moscow's revenue from energy sales has also declined from a peak of well over $1 billion a day in March. But revenues still exceeded the cost of the Ukraine war during the first 100 days - with the CREA estimating that Russia is spending around $876 million per day on the invasion.

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June 20, 2022's figures also showed that China imported 260,000 tonnes of Iranian crude oil last month, its third shipment of Iran oil since last December. China has continued to buy Iranian oil despite US sanctions on Tehran.

Oil Prices Inch Lower as Global Economic Worries Outweigh Tightening Supply

Oil prices edged lower on June 20, 2022, reversing earlier gains, as concerns about slowing global economic growth and fuel demand outweighed worries about tightening supplies. Brent crude futures slipped 3 cents to $113.09 a barrel by 0515 GMT, after rising as much as 1 percent earlier. Front-month prices tumbled 7.3 percent last week, their first weekly fall in five.

U.S. West Texas Intermediate crude was at $109.42 a barrel, down 14 cents, or 0.1 percent, after rising more than $1 earlier. Front-month prices dropped 9.2 percent last week, the first decline in eight weeks. "Clearly macro factors are driving oil at the moment, rather than fundamentals, which are still supportive," said Warren Patterson, ING's head of commodities research. CMC markets analyst Tina Teng said lower oil prices were due to "broad recession fears after the (U.S.) Fed outsized its rate hike to 75 basis points, which was followed by similar tightening approaches by the Bank of England and the Swiss National Bank last week."

Oil from Russia, the world's second-largest exporter, remains out of reach to most countries because of Western sanctions over Moscow's invasion of Ukraine, actions that Russia calls a "special operation". The impact has been partly mitigated by the release of strategic petroleum reserves, led by the United States, and a ramp-up of production from the Organization of the Petroleum Exporting Countries (OPEC) and its allies, together known as OPEC+, although that is thinning the world's buffer against further supply disruption. "If Washington sticks to its current pace, the U.S. strategic reserve will hit a 40-year low of 358 million barrels by October," ANZ analysts said in a note. China's crude oil imports from Russia, however, soared 55 percent from a year earlier to a record level in May, displacing Saudi Arabia as the top supplier, as refiners cashed in on discounted supplies amid sanctions on Moscow.

Still, U.S. oil and gas production is climbing. The oil and gas rig count, an early indicator of future output, rose by seven to 740 in the week to June 17, its highest since March 2020, energy services firm Baker Hughes Co said in its report on June 17, 2022. In OPEC member Libya, meanwhile, oil production remained volatile following blockades by groups in the country's east. The Libyan Oil Minister Mohamed Oun said on June 20, 2022 that the country's total production is at about 700,000 barrels per day (bpd). Libya's output had fallen to 100,000 to 150,000 bpd, a spokesman for the oil ministry said last week. Elsewhere, oil products exports from China, once a major exporter, continued to decline, keeping global supplies tight. The country's gasoline exports in May fell 46 percent from a year earlier and diesel exports plunged 93 percent despite stalling domestic demand, as companies ran short of export quotas, Chinese customs data showed on June 18, 2022.

SNIPS

Making Money Out of Nothing

Some Spotify podcasters are making $18,000 a month with nothing but white noise that pulls in about 50,000 listens per day a figure that would rank in the top 25 percent of all podcasts, according to Bloomberg Businessweek.

Crypto Industry Gripped by Anxiety as Bitcoin Wobbles Near Key $20,000 Level

The cryptocurrency industry was on edge on June 20, 2022 morning as investors feared contagion from problems at major crypto players could unleash a major shakeout if not contained. Bitcoin which has lost 57 percent so far this year and 37 percent this month, fell below $20,000 over the weekend for the first time since December 2020. The level is of symbolic significance, as it was roughly the peak of the 2017 cycle.

The price fall follows difficulties at several major industry players, while further declines could have a knock on effect as other crypto investors are forced to sell their holdings to meet margin calls and cover losses. Crypto hedge fund Three Arrows Capital is exploring its options, including the sale of assets and a bailout by another firm, its founders told the Wall Street Journal in a story published on June 17, 2022, the same day Asia-focused crypto lender Babel Finance said it would suspend withdrawals.

U.S. based lender Celsius Network earlier this month said it would suspend withdrawals, and many of the industry's recent problems can be traced back to the spectacular collapse of so-called stable coin TerraUSD in May. Bitcoin was trading either side of $20,000 on June 20, 2022, while no.2 token ether was at $1,075, having dipped below its own symbolic level of $1,000 over the weekend. "If the market goes higher, everyone breathes a sigh of relief, things will get refinanced, people will raise equity, and all of the risk will dissipate. But if we move much lower from here, I think it could be a total shitstorm," said Adam Farthing, chief risk office for Japan at crypto liquidity provider B2C2.

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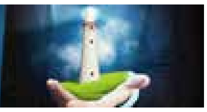
"There is a lot of credit being withdrawn from the system and if lenders have to absorb losses from Celsius and Three Arrows, they will reduce the size of their future loan books which means that the entire amount of credit available in the crypto ecosystem is much reduced. "It feels very like 2008 to me in terms of how there could be a domino effect of bankruptcies and liquidations," Farthing said. To be sure, the developments in crypto have coincided with an equities slide, as U.S. stocks suffered their biggest weekly percentage decline in two years on fears of rising interest rates and the growing likelihood of recession.

The bitcoin price has tended to move in a roughly similar manner to other risk assets such as tech stocks. Smaller cryptocurrencies have been even harder hit than major tokens as investors sought the comparative safety of bitcoin and stable coins whose values are pegged to those of traditional assets, most commonly the U.S. dollar.

The overall crypto market capitalization is roughly $870 billion, according to price site Coin market cap, down from a peak of $2.9 trillion in November 2021. However, even stable coins' market capitalizations have dropped in recent months, suggesting investors are pulling money from the sector as a whole. Tether, the world's largest stable coin has seen its market cap fall to around $68billion on June 20, 2022, from over $83, billion in early May.

MANAGEMENT VIEWS



Introduce 'People Analytics' Without Alienating Employees

More than ever, companies are using data to measure and shape employee's workdays. However, introducing people analytics on your team is a delicate task. How can you ensure that you are using this data to safeguard and empower employees, not to monitor and optimize them? Here are three strategies that can help.

- **Make clear it is not a step towards automation.** An inherent risk of people analytics is that your employees might begin to feel as though they are increasingly replaceable and secondary to the systems that monitor them. To avoid this harmful perception, frame people analytics as a way to augment and amplify their work – not render them obsolete.

- **Communicate that people analytics is about more than just boosting efficiency.** Focus on how monitoring and analyzing data can help employees grow and develop as people, not just performers.

- **Avoid labeling people as data.** When communicating your findings, do not use abstract language that describes employees as depersonalized numbers, assets, or investments.

(This tip is adapted from *Are People Analytics Dehumanizing Your Employees?*, by David De Cremer and Jakob Stollberger – HBR.)

Establish Your Expertise Without Coming Across as Arrogant

Establish Your Expertise Without Coming Across as Arrogant It is far easier to persuade people when they trust your expertise. But proclaiming, "I'm an expert here!" is likely to rub them the wrong way. So, whether you are trying to get a client to sign on with your company or convince colleagues to buy into your idea, how can you establish your authority — without sounding arrogant or like a know-it-all? One way is to bring in someone they trust to endorse your expertise. You may ask a senior colleague to speak up about your authority on the subject matter at hand. Or, you can even reference your relationship with a third party whom your employees trust and admire. This sort of name-dropping might feel uncomfortable, but done gracefully, it can lend you credibility. Another tactic is to couple your assertions of competence with a degree of warmth. For example, you might say, "I'm excited to work with you because I have worked with similar clients over the past 10 years and we have gotten great results together," or, "I have been in this field for 15 years because I love it and I'm looking forward to collaborating with you." Statements like these allow you to put your expertise out there in a warm, friendly, cooperative way.

(This tip is adapted from *The Essentials*: *Persuading People*, by the Women at Work podcast – HBR.)

Help Your Younger Employees Feel Connected and Supported

New research shows that half of young people worldwide have experienced mental health decline and a deterioration of their "social self "in the wake of the pandemic. As a leader, how can you prioritize your youngest employees and give them the support they need?

- **Put mental health front and center.** Go beyond offering a meditation app and make mental health a priority in your policies and programs. This might include covering therapy costs or giving a stipend for mental health services, as well as offering competitive pay (commensurate with rising inflation), expanded family leave policies, and additional compensation for ERG and DEI work.

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- **Make onboarding a community-building exercise.** Onboarding is an opportunity to showcase your culture of mutual support and well-being to new recruits. Focus less on delivering information and more on fostering relationships and connection.

- **Offer coaching. Employees thrive in environments where they can learn and grow.** Consider providing one-on-one coaching sessions with external professionals, career workshops, attendance at leadership meetings, or peer-mentoring programs, which studies have shown foster meaningful connections.

(This tip is adapted from *Gen Z Employees Are Feeling Disconnected. Here's How Employers Can Help*, by Adam Smiley Poswolsky – HBR.)

SNIPS

World's Largest Buildings

Saudi Arabia is drawing up plans for the world's largest buildings as part of a new $500 billion development called Neom, states an article by Bloomberg.

Listen, Absorb, and Act on the Feedback You Receive

We all receive feedback from time to time. But are you able to process and act on it? No matter how the feedback is delivered (that is out of your control), there are several things you can do to take it in and make it work for you. Start by stepping into your feedback session with a neutral mindset and little expectation. This will allow you to be a more open-minded listener. Then, before responding to what you hear, take time to metabolize the input. This means allowing yourself to feel your emotions and investigate what is at the root of them. Negative reactions are normal but sit with them before reacting. Next, consider the feedback provider's motives, position, and intent. Do you believe they genuinely want to help you? Do you trust them? With this in mind, reflect on how you will move forward and what changes — if any — you want to make. Finally, periodically ask people you respect what they think of your performance to ensure that you are making the most of the feedback you have received and are truly heading in the right direction.

(This tip is adapted from *The Right Way to Process Feedback,* by Cameron Conaway – HBR.)

Did Not Get That Raise? Here is What to Do Next

Being rejected for a raise can feel like a blow to your self-esteem, but do not lose hope. Rather than thinking of it as a step backwards, see it as an opportunity to grow. Here is how to maintain momentum if your boss says no to your request.

- **Respond diplomatically.** You might say: "Thank you for sharing that. Not surprisingly, I'm disappointed that the company would not be able to honor my request. Nevertheless, I'm committed to bringing my best to the organization and hope to continue the conversation about how I can be an even more valuable contributor."

- **Dig deeper.** Ask follow-up questions to better understand the reasoning behind the denial. You might ask, "What's contributing to your decision?" "How are compensation and performance evaluated?" or "What could I be doing more of?"

- **Propose alternatives.** If earning more money is not an option because of budget constraints, consider negotiating for flex time or a work-from-home arrangement, stock options, a title change, more vacation time, or professional development.

- **Continue the conversation.** Take the rejection as a chance to create a plan with your boss for your development. Identify key metrics and specific improvements that would justify a compensation increase in the future.

(This tip is adapted from *So Your Boss Refused to Give You a Raise*, by Melody Wilding – HBR.)

Editor: Muhammad Mazherul Haq | **Deputy Editor:** Shahla Naqvi | **Designed by:** Muhammad Jahangir Ishaq | **Email:** Publications@ibp.org.pk
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