VOLUME 18 / ISSUE 05 / FEBRUARY 03, 2023
IBP - A Company Set Up Under Section 42 of the Companies Act, 2017

# economicletter

a weekly publication of The Institute of Bankers Pakistan

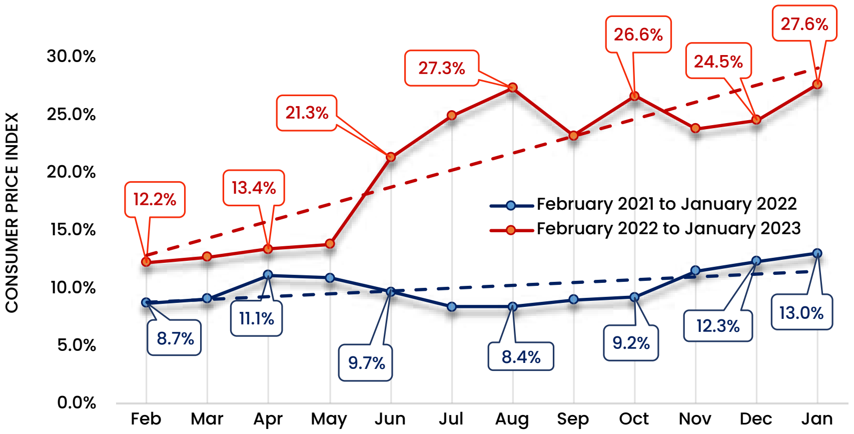
# Domestic Economic Roundup

## Key Money & Banking Indicators:

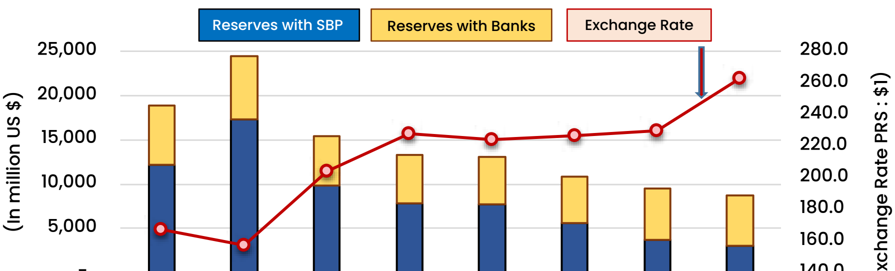
| | Stocks at End - June 2022 | Flows FY21 | Flows FY22 | Impact Since 1st July to 20-Jan-23 | Impact Since 1st July to 21-Jan-22 |
|---|---|---|---|---|---|
| Total Deposits with Banks | 19,934.8 | 2,595.0 | 2,615.1 | (377.5) | (56.8) |
| Broad Money (M2) | 27,602.6 | 3,389.7 | 3,304.9 | (48.1) | 173.1 |
| Govt. Sector Borrowings (Net) | 19,622.9 | 1,717.9 | 3,357.7 | 1,378.7 | 77.4 |
| Credit to Private Sector | 9,241.2 | 766.2 | 1,612.1 | 396.8 | 785.8 |

(Rs in billion)

## CPI InflationTrend (YoY - February to January)

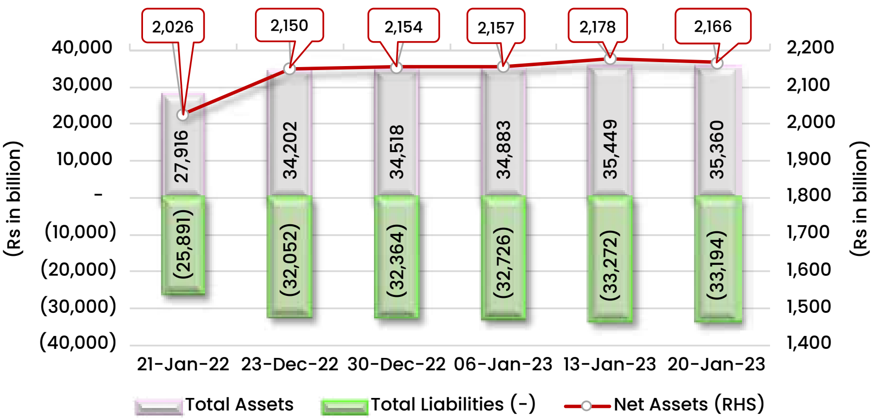



## Forex Reserves and Exchange Rate




| | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | End-Sep-22 | End-Nov-22 | End-Dec-22 | Jan 20, 23 | Jan 27, 23 |
|---|---|---|---|---|---|---|---|---|
| Reserves with Banks | 6,754 | 7,099 | 5,635 | 5,432 | 5,298 | 5,260 | 5,775 | 5,656 |
| Reserves with SBP | 12,132 | 17,299 | 9,815 | 7,860 | 7,722 | 5,586 | 3,678 | 3,086 |
| Exchange Rate | 167.5 | 157.3 | 204.4 | 228.0 | 224.0 | 226.5 | 229.7 | 262.9 |

## Total Assets and Liabilities of Scheduled Banks




# Markets at a Glance

Rates taken till Friday, February 03, 2023

## SBP POLICY RATE

**17.00%** | Effective from January 24, 2023

## KIBOR (6 MONTHS)

| | Bid% | Offer% |
|---|---|---|
| Starting | 17.70 | 17.95 |
| Ending | 17.75 | 18.00 |
| Change | +0.05 | +0.05 |

## FOREX RATES

| | GBP | EURO | USD |
|---|---|---|---|
| Starting | PKR 324.95 | PKR 285.61 | PKR 262.60 |
| Ending | PKR 337.37 | PKR 301.29 | PKR 276.58 |
| Change | +12.42 | +15.68 | +13.98 |

## PAKISTAN STOCK EXCHANGE

| | 100 Index |
|---|---|
| Starting | 40,451 |
| Ending | 40,471 |
| Change | +20 |

## GOLD RATES

| | 10 GM, 24K |
|---|---|
| Starting | PKR 149,978 |
| Ending | PKR 166,644 |
| Change | +16,666 |

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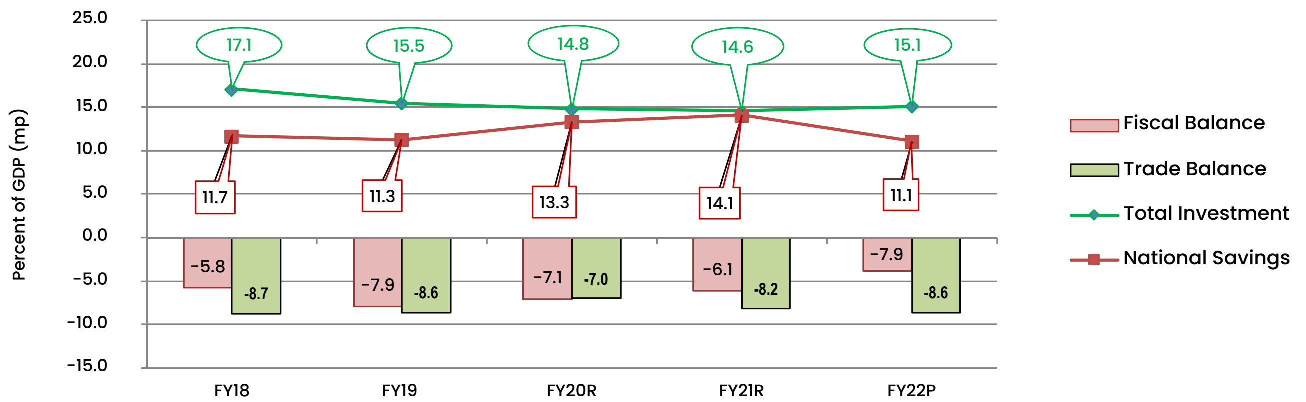
# Pakistan's Major Economic Indicators

| 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 | 1,768 | 1,578 | 1,458 | 1,676 | 1,798 |

As Percent of Nominal GDP (MP)




| CPI INFLATION | Annual Average | | | Year-on-Year | | |
|---|---|---|---|---|---|---|
| | FY20 | FY21 | FY22 | Jan 2022 | Dec 2022 | Jan 2023^P |
| General | 10.7 | 8.9 | 12.2 | 13.0 | 24.5 | 27.6 |
| Food (Urban) | 13.6 | 12.4 | 13.4 | 13.3 | 32.7 | 39.0 |
| Non-Food (Urban) | 8.3 | 5.7 | 10.8 | 12.8 | 14.8 | 15.6 |

| Currency in Circulation as on (Stock data) | | | | | Rs in billion |
|---|---|---|---|---|---|
| June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 | Jan 21, 2022 | Jan 20, 2023 |
| 4,950.0 | 6,142.0 | 6,909.9 | 7,572.5 | 7,123.6 | 7,908.0 |

**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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## FBR Surpasses the Budgetary Target for the Month of January 2023

The Federal Board of Revenue (FBR) has demonstrated a commendable revenue collection performance during January 2023 and has not only achieved the monthly budgetary target of Rs 533 billion but surpassed it by Rs 4 billion. According to provisional figures, FBR has collected Rs 537 billion in the month of January 2023 thereby showing an impressive growth of 23 percent compared to the same month last year. Cumulatively, FBR collected Rs 3,965 billion in the first seven months of the current financial year against Rs 3,367 billion collected in the corresponding period of last year depicting a growth of 18 percent. The third quarter of the current year started with an impressive performance and the team FBR is committed to meeting the annual budgetary target of Rs 7,470 billion for the current financial year despite economic challenges.

Direct taxes collection has grown at a robust pace, which has shown growth of 48 percent during the first seven months of the current financial year which is reflective of government's policy of shifting tax burden to wealthy and affluent segments of society. It is also highlighted that the administrative and enforcement measures of the FBR have yielded results which is reflected in the growth of direct taxes in special and the domestic taxes at large. The growth in domestic taxes is 40 percent during the same period. The contribution of domestic taxes has also increased from 50 percent last year to 59 percent during the current year. Furthermore, it is also significant that the collection from Customs Duty has shown an increase of 16 percent during the month of January 2023 as compared to the same month last year. Additionally, FBR has not stopped short of taking care of exporters' liquidity problems and has issued refunds of Rs 208 billion during the first seven months of the current financial year as against Rs 183 billion during corresponding period of last year which is 14 percent more than the previous year's issued refunds.

FBR appreciates all those taxpayers whose due contributions helped in achievement of the budgetary target and also lauds the endeavors of all field formations and its officers for their untiring efforts and commitment to optimize revenue collection in challenging economic situation. This growth in tax revenues, especially direct taxes, underscores the resolve of the government and FBR to make Pakistan a prosperous nation to withstand financial shocks and bridge the fiscal deficit.

## SECP for Effective Implementation of Motor Third Party Liability Insurance

The Securities and Exchange Commission of Pakistan (SECP) on January 31, 2023 has formed a working group to explore the possibilities and mechanism for effective implementation of 'Motor Third Party Liability (TPL) Insurance' in the country.

The group comprising industry experts, representatives of Insurance Association of Pakistan (IAP) and SECP officials will formulate a detailed proposal for effective implementation of Motor TPL Insurance including mechanism for coordination with relevant authorities.

The first meeting of the working group held at SECP head office discussed in detail the implementation of Motor TPL insurance under the existing laws. It was agreed that the recommendations will include schedule for engagement with other relevant bodies, public awareness, availability of affordable products and central database of motor insurance policies.

Motor TPL Insurance offers insurance protection against death, bodily injury and property damage to the victims of road traffic accidents or their legal heirs. TPL insurance is also mandatory in almost all jurisdictions of the world, including neighboring countries i.e., India, Bangladesh and Sri Lanka.

## Fiscal Consolidation Termed as the Key to Saving Reserves and Exchange Rate Stability

The Finance Ministry in its latest report on the state of economy released on January 31, 2023 termed fiscal consolidation as the key to saving official reserves and exchange rate stability of the country.

According to monthly Economic Update and Outlook for January 2023, released by the ministry, the fiscal consolidation may temporarily be costly in terms of growth prospects in the short term. However, long-run prosperity and growth could only be achieved by augmenting the country's long-term equilibrium growth path by expanding production capacities and productivity.

It says the first five months of current fiscal year have ended with some developments; containing fiscal deficit and surplus in primary balance due to effective fiscal management. The report says, Pakistan was currently confronted with the challenges like high inflation, low growth, and low levels of official foreign exchange reserves.

Further Month-on-Month (MoM) increases in consumer prices may be countered by a further mean reverting international commodity prices and some exchange rate stability due to decreased pace of depreciation.

The overall money supply (M2) growth remains compatible with a return to low and stable inflation, says the report adding but the outlook of M2 is broadly dependent on fiscal accounts which are under immense pressure on account of heavy interest payments and rehabilitation spending.

According to the report, inflationary pressure was expected to calm down gradually due to flood-led damages which have disrupted the supply of essential items. On the agricultural front, the wheat crop sowing is being estimated at 21.5 million acres which is 94 percent of target area of 22.8 million acres. The government pro-Agri initiatives are playing role in the revival of agriculture sector productivity.

On industrial activity, the report says, monetary tightening, import compression strategies, and recessionary global pressure continued to suppress the performance of the manufacturing sector since the beginning of the current fiscal year. During July-November FY2023, the Large-Scale Manufacturing (LSM) witnessed a contraction of 3.6 percent against the growth of 7.2 percent same period last year. On Year-on- Year (basis), LSM plunged by 5.5 percent in November 2022, while over the previous month, it grew by 3.5 percent.

The fiscal deficit during July-November FY2023 has been contained to the same level of 1.4 percent of GDP as it was recorded in the comparable period last year. While the deficit of Rs 36 billion (-0.1 percent of GDP) last year. The provisional net tax collection increased by 17.4 percent to Rs 3428.8 billion during July-December FY2023 against Rs 2919.9 billion in the same period last year. The increase in growth is largely attributed to a 49 percent growth in direct taxes.

The Current Account posted a deficit of $3.7 billion for Jul-Dec FY2023 as against a deficit of $9.1 billion last year, mainly due to contraction in imports. However, the current account deficit shrank to $400 million in December 2022 as against $1857 million in same period last year, largely reflecting an improvement in trade balance. Foreign direct investment (FDI) reached $460.9 million during July-December FY2023 ($1114.7 million last year) decreasing by 58.7 percent.

In July-December FY2023, workers' remittances recorded at $14.1 billion ($15.8 billion last year), decreased by 11.1 percent. MoM basis, remittances decreased by 3.2 percent in December 2022 ($2.0 billion) as compared to November ($2.1 billion). Pakistan's total liquid foreign exchange reserves increased to $9.45 billion on January 24, 2022, with the SBP's reserves now standing at $3.678 billion. Commercial banks' reserves remained at $5.77 billion.

The KSE-100 index closed at 40,420 points as of 30th December 2022 while market capitalization settled at Rs 6,501 billion, it adds.

## Reason Behind Increasing Policy Rate was to Address Rising Inflation: SBP

Director of Monetary Policy Department State Bank of Pakistan (SBP) Mr Fida Hussain stated key reason behind the latest monetary policy decision raising the policy rate by 100 basis points, taking it to 17 percent, was to prevent inflation to further surge.

On a podcast episode, released from the SBP's YouTube channel on January 30, 2023, Fida Hussain said the global economy was witnessing a slowdown and there were indications that some major advanced economies may experience recession. It is pertinent to mention that the Central Bank on January 23, 2023 raised the policy rate to 'anchor inflation'. Reasoning on the said decision of raising the policy rate, he said the higher food inflation and core inflation, if allowed to entrench, created the risk of a wage-price spiral, and therefore, necessitated a tight monetary policy response.

"The SBP recognizes the short-term costs of monetary tightening for economic activity, but also believes that curbing inflation now is essential for ensuring sustainable growth over the medium to long term," he noted. Hussain hoped to benefit from slightly declining commodities prices internationally, saying that if they persist, it would have a positive impact on the country's imports and current account balance. The podcast also highlighted the need for fiscal policy to work in tandem with monetary policy to curtail demand-side pressures when inflation is high.

## CDNS Attains Rs 760 billion through Fresh Bonds by January 25

The Central Directorate of National Savings (CDNS) on January 30, 2023 realized the target of issuing Rs 760 billion in fresh bonds in the current fiscal year 2022-23 from July 1 to January 25, 2023. The CDNS has set a reviewed saving target of Rs 1.3 trillion for the current financial year (2022-23) which will "promote the savings culture in the country", according to a senior CDNS official.

In view of the current market trend in the country, the ambitious target had been set to further improve the savings culture, he said. Responding to a question, he said the CDNS surpassed its annual target in the previous fiscal year 2021-22 and set a historic record of Rs 1,250 billion in savings till June 30, 2022. For the first time in its history, CDNS crossed Rs 1,000 billion in fresh deposits and achieved the target of Rs 1,250 billion by June 30, 2022.

He said CDNS had accomplished the target of issuing Rs 1,250 billion in fresh bonds from July 1, 2021, to June 30, 2022. It had set an annual gross receipt target of Rs 980 billion from July 1 to June 30 of the previous financial year 2020-21 to promote savings in the country.

Replying to another query, he said CDNS had reviewed and set a target of Rs 60 billion in the fiscal year (2022-23) for Islamic investment to introduce the new products in the market. In the current financial year, CDNS would achieve the investment target of Rs 60 billion, he maintained.

He added that the CDNS had entered the Islamic finance market in August 2022, and was offering Islamic finance to its customers. National Savings would work on Islamic Sharia bonds and certificates to give opportunities to their customers in Islamic finance, the official highlighted.

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## SBP Rebuts the Claim that Capping the Price of Dollar Caused Loss of $3 billion in Remittances and Exports

There has been a narration in print & electronic media that suggests that capping the price of the dollar caused loss of $3 billion in remittances and exports. SBP responded to this view, which is incorrect due to a number of factors, in a press release on January 29, 2023.

First, export of goods has been facing headwinds due to moderating demand in international markets as most of our major trading partners are going through a period of monetary tightening. For instance, US Federal Funds rate has surged from 0.25 percent in March 2022 to 4.5 percent to date; suggesting a noticeable global monetary tightening. Meanwhile, inflation has been significantly higher in the developed world, eating into the purchasing power of consumers. These, together with domestic factors like devastating floods and ensuing supply disruptions, have negatively impacted exports. In this backdrop, linking decline in exports to relatively stable exchange rate is not appropriate.

Second, workers' remittances were gradually tapering off from all time high level of $3.1 billion achieved in April 2022 due to Eid related flows. This decline is primarily attributed to global economic slowdown as higher inflation in developed countries has led to higher cost of living abroad, thus reducing the surplus funds that could be sent back to homeland as remittances. Moreover, with the resumption of international travel post COVID, some remittances have switched back to FCY cash transfers via overseas Pakistanis travelling to Pakistan.

Thus, the decline in Pakistan's exports and remittances is a result of numbers of exogenous factors and domestic reasons and it would not be appropriate to ascribe it to exchange rate only.

# International Economic Roundup

## Bank of England Announces Raise of Bank Rate by 50 Basis Points

The Bank of England's Monetary Policy Committee (MPC) on February 2, 2023 sets monetary policy to meet the 2 percent inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on February 1, 2023, the MPC voted by a majority of 7–2 to increase Bank Rate by 0.5 percentage points, to 4 percent. Two members preferred to maintain Bank Rate at 3.5 percent.

Global consumer price inflation remains high, although it is likely to have peaked across many advanced economies, including in the United Kingdom. Wholesale gas prices have fallen recently and global supply chain disruption appears to have eased amid a slowing in global demand. Many central banks have continued to tighten monetary policy, although market pricing indicates reductions in policy rates further ahead.

UK domestic inflationary pressures have been firmer than expected. Both private sector regular pay growth and services CPI inflation have been notably higher than forecast in the November Monetary Policy Report. The labor market remains tight by historical standards, although it has started to loosen and some survey indicators of wage growth have eased, alongside a gradual decline in underlying output. Given the lags in monetary policy transmission, the increases in Bank Rate since December 2021 are expected to have an increasing impact on the economy in the coming quarters.

Near-term data developments will be crucial in assessing how quickly and to what extent external and domestic inflationary pressures will abate. As set out in the accompanying February Monetary Policy Report, the MPC's updated projections show CPI inflation falling back sharply from its current very elevated level, of 10.5 percent in December, in large part owing to past increases in energy and other goods prices falling out of the calculation of the annual rate. Annual CPI inflation is expected to fall to around 4 percent towards the end of this year, alongside a much shallower projected decline in output than in the November report forecast.

In the latest modal forecast, conditioned on a market-implied path for Bank Rate that rises to around 4.50 percent in mid-2023 and falls back to just over 3.25 percent in three years' time, an increasing degree of economic slack, alongside falling external pressures, leads CPI inflation to decline to below the 2 percent target in the medium term. There are considerable uncertainties around this medium-term outlook, and the Committee continues to judge that the risks to inflation are skewed significantly to

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the upside. The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework recognizes that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. The economy has been subject to a sequence of very large and overlapping shocks. Monetary policy will ensure that, as the adjustment to these shocks continues, CPI inflation will return to the 2 percent target sustainably in the medium term. Monetary policy is also acting to ensure that longer-term inflation expectations are anchored at the 2 percent target.

The Committee has voted to increase Bank Rate by 0.5 percentage points, to 4 percent, at this meeting. Headline CPI inflation has begun to edge back and is likely to fall sharply over the rest of the year as a result of past movements in energy and other goods prices. However, the labor market remains tight and domestic price and wage pressures have been stronger than expected, suggesting risks of greater persistence in underlying inflation.

The extent to which domestic inflationary pressures ease will depend on the evolution of the economy, including the impact of the significant increases in Bank Rate so far. There are considerable uncertainties around the outlook. The MPC will continue to monitor closely indications of persistent inflationary pressures, including the tightness of labor market conditions and the behavior of wage growth and services inflation. If there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required.

Looking further ahead, the MPC will adjust Bank Rate as necessary to return inflation to the 2 percent target sustainably in the medium term, in line with its remit.

## Oil Climbs as Dollar Slumps, OPEC+ Keeps Output Cut Policy

Oil prices rebounded on February 2, 2023 after tumbling in the previous session as a weaker dollar brought back some appetite for risk assets and the OPEC+ decision to roll over an output cut helped ease oversupply concerns.

Brent crude futures rose 65 cents, or 0.8 percent, at $83.5 a barrel as of 0353 GMT, while West Texas Intermediate (WTI) US crude futures advanced 71 cents, or 0.9 percent, to $77.1 a barrel.

Both benchmarks plunged more than 3 percent overnight after US government data showed big builds in crude and oil products inventory.

The Federal Reserve raised its target interest rate by a quarter of a percentage point on February 1, 2023, yet continued to promise "ongoing increases" in borrowing costs as part of its ongoing battle against inflation.

"Those hawkish reaffirmations from the Fed were met with rising doubts from the markets, which saw a dovish takeaway from Jerome Powell's acknowledgement of progress in the 'disinflationary process' and that he is not worried about loosening financial conditions," said Yeap Jun Rong, Market Analyst at IG, in a note.

"Inflation has eased somewhat but remains elevated," the US central bank said in a statement that marked an explicit acknowledgement of the progress made in lowering the pace of price increases from the 40-year highs hit last year.

The US dollar index dived to a fresh nine-month low on February 2, 2023 in reaction to the softer rate hike bets. A weaker greenback makes dollar-priced oil less expensive for holders of other currencies, boosting demand.

An OPEC+ panel endorsed the oil producer group's current output policy at a meeting on February 1, 2023, leaving production cuts agreed last year in place amid hopes of higher Chinese demand and uncertain prospects for Russian supply.

OPEC+ agreed to cut its production target by 2 million barrels per day (bpd), about 2 percent of world demand, from November last year until the end of 2023 to support the market.

Prices are also rising in the backdrop of a February 5, 2023 ban on Russian refined products by the European Union.

EU countries will seek a deal on February 3, 2023 on a European Commission proposal to set price caps on Russian oil products, after postponing a decision on February 1, 2023 amid divisions between member states, diplomats said.

The European Commission proposed last week that from February 5, 2023 the EU apply a price cap of $100 per barrel on premium Russian oil products such as diesel and a $45 cap per barrel on discounted products such as fuel oil.

## CBUAE Raises the Base Rate at 25 Basis Points

The Central Bank of the UAE (CBUAE) has decided to raise the Base Rate applicable to the Overnight Deposit Facility (ODF) by 25 basis points – from 4.4 percent to 4.65 percent, effective from February 2, 2023.

This decision was taken following the US Federal Reserve Board's announcement on 01 February 2023 to increase the Interest on Reserve Balances (IORB) by 25 basis points.

The CBUAE also has decided to maintain the rate applicable to borrowing short-term liquidity from the CBUAE through all standing credit facilities at 50 basis points above the Base Rate. The Base Rate, which is anchored to the US Federal Reserve's IORB, signals the general stance of the CBUAE's monetary policy. It also provides an effective interest rate floor for overnight money market rates.

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## The Saudi Central Bank's Decision on Repo and Reverse Repo Rates

In light of global monetary developments and taking into consideration the SAMA - Central Bank of Saudi Arabia's objectives in maintaining monetary stability and supporting financial stability, the Saudi Central Bank has decided to raise the rate of Repurchase Agreement (Repo) by 25 basis points to 5.25 percent, and the rate of Reverse Repurchase Agreement (Reverse Repo) by 25 basis points to 4.75 percent, according to Saudi Central Bank news release on February 1, 2023.

## Saudi Central Bank: Insurance Sector Adopts IFRS 17 and IFRS 9

The Saudi Central Bank (SAMA) announces the formal adoption of International Financial Reporting Standard-IFRS 17 Insurance Contracts and International Financial Reporting Standard-IFRS 9 Financial Instruments by the Saudi insurance sector. Implementation started on January 1, 2023, in line with the implementation date set by the International Accounting Standards Board (IASB).

In addition, SAMA stated that IFRS 17 issued by the IASB in May 2017 will supersede IFRS 4 Insurance Contracts issued in 2004. The features of the new Standard include standardization of the accounting measurement models for insurance and/or reinsurance companies around the world; consistent comparison and analysis of results; and provision of accurate, transparent and high-quality data for financial statements compared to the previous Standard.

SAMA attached huge importance to a seamless and highly effective adoption of the IFRS 17 in Saudi Arabia, as a member of the G20. Therefore, SAMA rolled out a transition plan with four phases in 2018. Moreover, SAMA stated that the adoption of IFRS 17 contributed to introducing new elements in the insurance industry, improving human and technological resources, enhancing transparency of reporting, and fostering regulator-sector relationship. SAMA pointed out that it is expected that the effort it exerted together with insurance companies during the last four years will go a long way in enabling the Saudi insurance sector to meet the objectives of Saudi Vision 2030. In conjunction with IFRS 17 implementation, SAMA announced the adoption of IFRS 9 Financial Instruments by the insurance sector starting on January 1, 2023. IFRS 9 was issued by the IASB to supersede the International Accounting Standard-IAS 39 Financial Instruments.

Similar to IFRS 17 transition plan, SAMA developed an IFRS 9 transition plan with two phases. Both phases were completed successfully by the Saudi insurance sector. In conclusion, the adoption of IFRS 17 and IFRS 9 is an important achievement of the Saudi insurance sector. It is worth noting that Saudi Arabia is one of the first countries globally to adopt these two Standards.


## Central Banks Bought the Most Gold in 2022 – More Than Any Year Since 1967

Central banks added a whopping 1,136 tonnes of gold worth some $70 billion to their stockpiles in 2022, by far the most of any year since 1967, the World Gold Council (WGC) said on January 31, 2023. The data underline a shift in attitudes to gold since the 1990s and 2000s, when central banks, particularly those in Western Europe that own a lot of bullion, sold hundreds of tonnes a year. Since the financial crisis of 2008-09, European banks stopped selling and a growing number of emerging economies such as Russia, Türkiye and India have bought. Central banks like gold because it is expected to hold its value through turbulent times and, unlike currencies and bonds, it does not rely on any issuer or government.

Gold also enables central banks to diversify away from assets like US Treasuries and the dollar. "This is a continuation of a trend," said World Gold Council analyst Krishan Gopaul. "You can see those drivers feeding into what happened last year. You had on the geopolitical front and the macroeconomic front a lot of uncertainty and volatility," he said. Buying dipped during the coronavirus pandemic but accelerated in the second half of 2022, with central banks purchasing 862 tonnes between July and December, according to the WGC. Banks including those of Türkiye, China, Egypt and Qatar said they bought gold last year. But around two-thirds of the gold bought by central banks last year was not reported publicly, the WGC said.

Banks that have not regularly published information about changes in their gold stockpiles include those of China and Russia. "Central bank buying (in 2023) is unlikely to match 2022 levels," the WGC said. "Lower total reserves may constrain the capacity to add to existing allocations. But lagged reporting by some central banks means that we need to apply a high degree of uncertainty to our expectations, predominantly to the upside." The central bank purchases took total gold global gold demand last year to 4,741 tonnes, up 18 percent from 2021 and the highest for any year since 2011.

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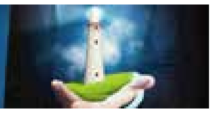
# MANAGEMENT VIEWS



## How to Feel Satisfied with Your Success

Why does career success so rarely lead to satisfaction? If you are prone to dissatisfaction in moments when you expect to finally feel satisfied (after a raise, promotion, or award, for example), you can shift your mindset in three ways to achieve a more sustainable inner peace. Start by shifting from comparison to compassion. Rather than chiding yourself for what you have not achieved, show yourself kindness for the progress you are making on your own journey. And instead of resenting someone for what they have achieved, acknowledge that their success does not come at the expense of yours—they are on their own journey, and being happy for them will not cost you anything. Next, stop counting what you have accrued (money, awards, followers, etc.) and start measuring what you have contributed (Whose life have you positively impacted? What ideas have you generated?). Lasting joy comes from giving, not taking. Finally, shift from contempt to connection. Growing insatiably ambitious, no matter how much money or power you earn along the way, will lead to bitterness and loneliness. Remember to appreciate the relationships in your life—especially the ones that have nothing to do with your career success.

(This tip is adapted from *Why Success Doesn't Lead to Satisfaction*, by Ron Carucci – HBR.)

## How to Motivate Your Gen Z Employees

Many Gen Z employees are struggling to be engaged at work. As a manager, how can you earn their engagement? It is all about creating a team dynamic of collaboration, commitment, and sustained motivation. First, establish transparent, consistent, two-way communication channels to alleviate their potential fear of uncertainty and help them feel a sense of control. Being out of the loop will make them feel deprioritized. Next, show them paths to career progression. Everyone needs a direction in order to feel incentivized. It is also critical to explain early and often how their individual contributions make an impact on the organization, regardless of how small they might seem. This will help them visualize how their efforts contribute to the greater good. Be sure to grant them autonomy over their work. Avoid micromanaging, but provide specific, constructive feedback when necessary to demonstrate that you are invested in their success. Finally, prioritize wellness, mental health, and a sense of psychological safety on your team to remind them that your relationship is not just transactional.

(This tip is adapted from *Helping Gen Z Employees Find Their Place at Work*, by Jenny Fernandez et al. – HBR.)

## Become a Great Sponsor

Being an effective sponsor—someone who uses political capital and advocacy to advance a more junior employee's career—requires a game plan. Start by making a long-term commitment to show up for your "sponsee," and make a continual effort to follow through. Chronic rescheduling sends a message, however unintended, that your relationship is not a priority. If you do need to reschedule a conversation every once in a while, send a personal note to explain why. Next, be patient and withhold judgment, especially if your sponsee has not yet established a long-term goal. Understand that the very conditions that make sponsorship programs necessary, such as the absence of a development culture or biases that keep members of underrepresented groups stagnant in roles, may partly explain why they lack a clear development plan. Your conversations and connection will help your sponsee forge their direction. Establishing psychological safety and trust will allow you to deliver the guidance they need to advance. You can do this by opening up about your own development story and getting to know them as a full person, not just as a professional. Finally, do work outside of your conversations—whether that means introducing them to the right people, singing their praises in meetings, or offering them opportunities to do great work.

(This tip is adapted from *What Great Sponsors Do Differently*, by Herminia Ibarra and Rachel Simmons – HBR.)

## Stop Distracting Your Employees

Do you expect an immediate response from your employees when you ping them? Do you ask for regular status updates, or send "just wanted to make sure you saw my last email" emails? Do you plan check-ins around your schedule without considering your employees' needs? If you answered yes to any of these questions, chances are you are distracting your team rather than encouraging their best work. These strategies can help you change your ways.

- **Open a safe dialogue.** Only when people feel safe discussing their workplace problems will you be able to find solutions for them. Work on improving psychological safety on your team so people do not fear they will be punished for airing their concerns.

- **Schedule-sync with your employees.** Ask when they generally like to answer emails and messages, do focused work, or join meetings. You can also try designating some distraction-free periods each day—times when there's no expectation to answer messages or attend meetings across your team.

- **Do not hold meetings without an agenda.** Requiring an agenda keeps everyone on track and cuts down on unnecessary meetings by requiring the organizer to put in a bit of effort in advance.

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- **Set an example. Make time for focused work yourself.** Let people know when you are available, and do not interrupt others during their focused work or off-hours.

(This tip is adapted from Managers, Stop Distracting Your Employees, by Nir Eyal – HBR.)

## When Your Manager is Not Invested in You

Do not let an indifferent manager derail your ambition. If you are feeling underutilized and underestimated, remember that your career is yours—and yours alone—to define and navigate. Here is how to advance, even without your boss's support. First, focus on what you can control: your mindset and your actions. Embrace a positive outlook. You are not stuck; you are simply at a crossroads. Continue to do your best work for your boss, aim to exceed expectations, communicate well, and be a positive, engaged team member. At the same time, remain laser focused on your career objectives and next steps. Ask yourself: What do I want to do more of? What do I want to be known for? What skills do I want to acquire? Answering these questions is the first step to being a great manager to yourself. Next, identify who else can help you achieve these goals, such as peers, other leaders in your organization, or mentors outside it. Finally, reach out to those people, ask for advice, and proactively forge new relationships. They will recognize your potential and invest in your development—even if your manager does not.

(This tip is adapted from *Don't Let an Indifferent Boss Hold You Back*, by Octavia Goredema – HBR.)

## Help Your Team Overcome the New Year Doldrums

For many of us, January and February are often the least-productive and dreariest months of the year. How can you help your team beat the new year doldrums? First, embrace experimentation. Where can you introduce new routines, tools, and habits into your team's culture? Maybe you replace hour-long meetings with 15-minute, agile-inspired check-ins, or designate a "no-Slack" day of the week. Whatever your team's experiment is, be sure to commit to it for at least a few weeks. Next, recognize your employees by expressing appreciation or gratitude. You might frame such gestures as a "thank you in advance" for work to come in the new year. Since the holiday season has just passed, your employees probably are not expecting this kind of gesture—which is exactly why it could provide the jolt they need right now. Finally, reconnect your team with what matters most, whether that is your customers, clients, products, or users. Ask your employees to identify how their work will drive the team's overall mission in the coming year. Taking a moment to reflect as the calendar turns will help your team ground itself in its purpose and meaning.

(This tip is adapted from *4 Ideas to Beat the New Year Doldrums*, by Rae Ringel – HBR.)

SNIPS

### Water for Bread

It takes an average of 40 liters of water to produce a slice of bread, according to the Food and Agriculture Organization of the United Nations.

## Shake Up Your WFH Routine

It is been nearly three years since the start of the pandemic, and by extension, the remote-work era. If you have been working from home for some (or all) of this time, you have likely settled into some semblance of a routine. But is it time to make a change? Here are a few reasons why you may want to shake things up.

- **You are bored.** When work feels monotonous and stale, your productivity and motivation are at risk. A simple change of scenery (even once or twice a week) can pay dividends. Consider working from a café, library, coworking space, or even outdoors (if your job and the weather permit). Working alongside a fellow WFH buddy, even if their job is totally unrelated to yours, can also rejuvenate your work life.

- **Your household routines have changed.** Acknowledge how circumstances have shifted around you—your partner is going back to the office, your kids have a new schedule, or you are caring for a loved one, for example—and adapt. What does your routine demand now that it did not before?

- **You want to establish healthier habits.** Remember, it is never too late to reinvest in self-care. Start small: Go for walks if you can, set a consistent bedtime, and consider meal planning for the week.

(This tip is adapted from *Is It Time to Shake Up Your WFH Routine*?, by Elizabeth Grace Saunders – HBR.)

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# FEBRUARY

| Date | Workshop | Trainer | Fee | Timings | Mode |
|---|---|---|---|---|---|
| 08 Wednesday | The SBP Inspection Process | Rizwan Khalil Shamsi | PKR 9,500 (Excluding Sales Tax) | 9:30 AM - 1:30 PM | VIRTUAL TRAINING |
| 09 \| Thursday Faisalabad | Electronic Know Your Customer (eKYC) system; KYC, CDD and Sanctions Screening | Atif Sohail | PKR 15,000 (Excluding Sales Tax) | | CLASSROOM TRAINING |
| 09 Thursday | Metaverse and NFTs - Future of Banking | Imran Ashraf | PKR 9,500 (Excluding Sales Tax) | 9:30 AM - 1:30 PM | VIRTUAL TRAINING |
| 10 Friday | Key Success Factors for SME Financing | Mazhar Shahzad | PKR 9,500 (Excluding Sales Tax) | 2:00 PM - 6:00 PM | VIRTUAL TRAINING |
| 15 Wednesday | Building a Resilient Mindset Through Stress Management | Dr Sayma Zia | PKR 9,500 (Excluding Sales Tax) | 9:30 AM - 1:30 PM | VIRTUAL TRAINING |
| 16 \| Thursday Peshawar | ATM Operations - How to Deal with Settlement & ATM Fraud? | Jawad Ahmad | PKR 15,000 (Excluding Sales Tax) | 9:00 AM - 5:00 PM | CLASSROOM TRAINING |
| 16 Thursday | Bank Credit - Problem Recognition and Remedial Management | Murtaza Rizvi | PKR 9,500 (Excluding Sales Tax) | 9:30 AM - 1:30 PM | VIRTUAL TRAINING |
| 17 Friday | Correspondent Banking Risk - Risks Associated and Their Mitigation | Salim Thobani | PKR 9,500 (Excluding Sales Tax) | 2:00 PM - 6:00 PM | VIRTUAL TRAINING |
| 21 Tuesday | Capacity Building of Credit Officers in Microfinance Banks | Abdul Wakeel | PKR 9,500 (Excluding Sales Tax) | 9:30 AM - 1:30 PM | VIRTUAL TRAINING |

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