

Domestic Economic Roundup

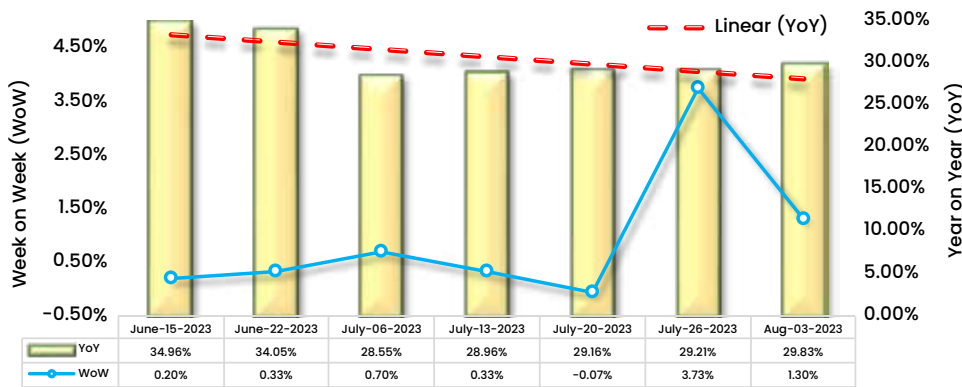
Key Money & Banking Indicators:

	Stocks at End - June 2023*	Flows		Monetary Impact Since 1st July to	
		FY22	FY23*	21-Jul-23	22-Jul-22
Total Deposits with Banks	22,322.8	2,615.1	2,387.9	(454.5)	(962.0)
Broad Money (M2)	31,590.7	3,304.9	3,988.0	(783.4)	(629.0)
Govt. Sector Borrowings (Net)	23,840.7	3,357.7	4,217.8	(314.1)	182.1
Credit to Private Sector	9,168.3	1,612.1	211.4	(177.2)	89.1

(Rs in billion) P = Provisional

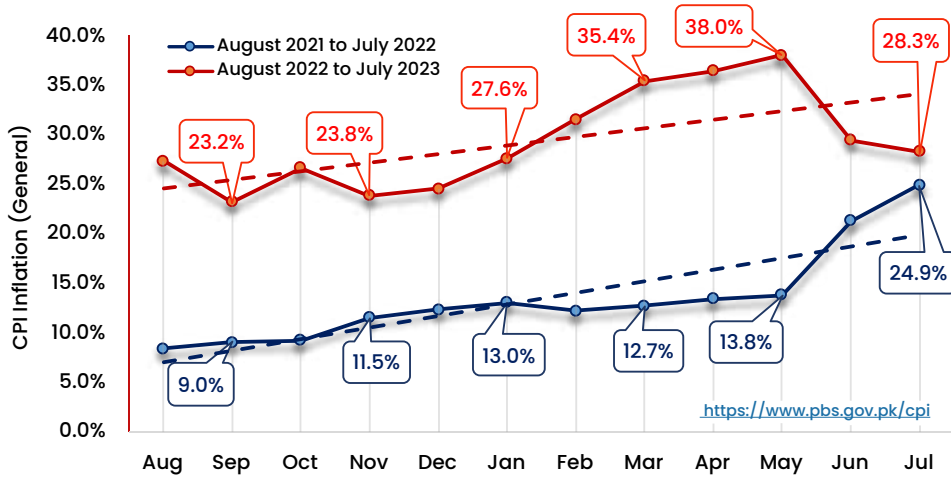
https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf

Weekly Trend in Sensitive Price Indicator (SPI)



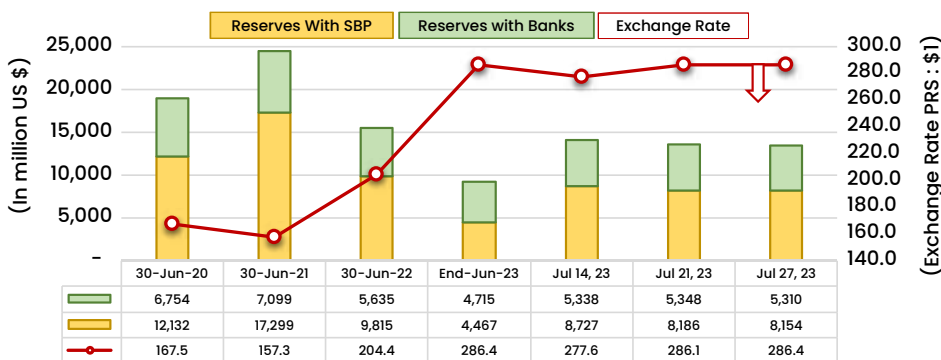
<https://www.pbs.gov.pk/spi>

CPI Inflation General (YoY - August to July)



<https://www.pbs.gov.pk/cpi>

Forex Reserves and Exchange Rate



<https://www.sbp.org.pk/ecodata/forex.pdf> | <https://www.sbp.org.pk/ecodata/rates/war/WAR-Current.asp>

Markets at a Glance

Rates taken till Friday, August 04, 2023

SBP POLICY RATE

22.00% | Effective from June 27, 2023

<https://www.sbp.org.pk/ecodata/sir.pdf>

KIBOR (3 MONTHS)

	Bid%	Offer%
Change Starting	22.87	23.12
Change Ending	22.46	22.71
Change	-0.41	-0.41

https://www.sbp.org.pk/ecodata/kibor_index.asp

FOREX RATES

	GBP	EURO	USD
Change Starting	PKR 371.81	PKR 318.71	PKR 286.45
Change Ending	PKR 364.53	PKR 313.98	PKR 286.97
Change	-7.28	-4.73	+0.52

<https://www.sbp.org.pk/ecodata/rates/m2m/M2M-Current.asp>

PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	47,077
Change Ending	48,586
Change	+1,509

<https://dps.psx.com.pk/>

GOLD RATES*

	10 GM, 24K
Change Starting	PKR 182,361
Change Ending	PKR 178,415
Change	-3,946

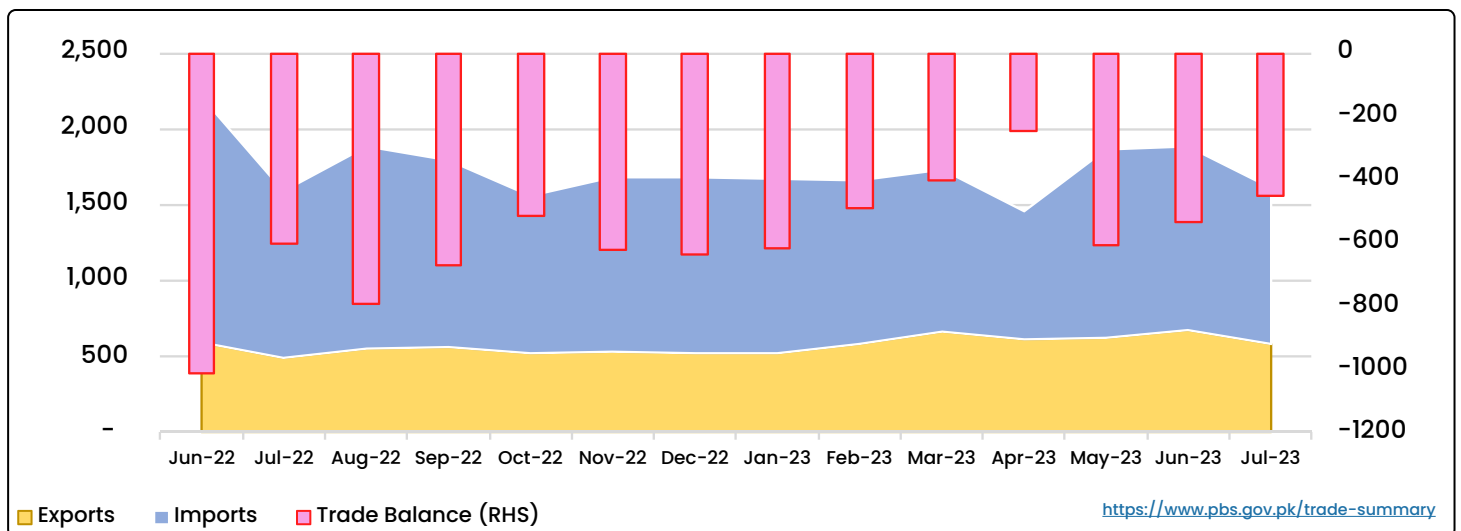
<https://www.forex.pk/bullion-rates.php>

Yearly Trend (YoY) & Monthly Trend (MoM)

Balance of Trade Summary					(Rs in billion)
Series	July, 2022(F)	June, 2023(R)	July, 2023(P)	% Change in (MoM) July, 2023 over June, 2023	% Change in (YoY) July, 2023 over July, 2022
Exports	493.8	675.3	579.6	(14.2)	17.4
Imports	1,093.1	1,209.2	1,032.2	(14.6)	(5.6)
Balance of Trade (Trade Deficit)	(599.3)	(533.9)	(452.7)	(15.2)	(24.5)

<https://www.pbs.gov.pk/trade-summary>

Trends in Merchandised Trade



<https://www.pbs.gov.pk/trade-summary>

CPI INFLATION	Annual Average			Year-on-Year		
	FY20	FY21	FY22	Jul 2022	Jun 2023	Jul 2023 ^P
General	10.7	8.9	12.2	24.9	29.4	28.3
Food (Urban)	13.6	12.4	13.4	27.4	40.8	40.2
Non-Food (Urban)	8.3	5.7	10.8	21.3	18.7	17.3

<https://www.sbp.org.pk/ecodata/MPM-New.pdf>

<https://www.pbs.gov.pk/cpi>

Currency in Circulation as on (Stock data)

June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Jul 22, 2022	Jul 21, 2023
4,950.0	6,142.0	6,909.9	7,572.5	7,907.5	8,832.4

P = Provisional | R = Revised | F = Final

https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf

Central Banks' Gallery

State Bank of Pakistan:



MPC Decides to Keep the Policy Rate Unchanged at 22 percent

The Monetary Policy Committee (MPC) on July 31, 2023 decided to keep the policy rate unchanged at 22 percent. The Committee noted that the economic uncertainty has decreased since the last meeting, whereas near-term external sector challenges have been largely addressed and investor confidence has shown improvement. While some upside risks to the inflation outlook have emerged, the Committee also took note of the expected lagged impact of the accumulated monetary tightening so far, budgeted fiscal consolidation, and the tepid growth outlook for FY24. The MPC particularly noted that year-on-year (y/y) inflation is likely to remain on downward path over the next 12 months, which implies a significant level of positive real interest rate.

Since the MPC meeting held on June 26, several important developments have influenced the short-term macroeconomic outlook. First, Pakistan has secured a nine-month Stand-By Arrangement (SBA) with the IMF that has helped address immediate external sector stability concerns by supporting the foreign exchange reserves. With disbursement of the first tranche under the SBA and \$3 billion in bilateral support, the SBP's FX reserves increased from \$4.5 billion at end June 2023 to \$8.2 billion as of July 21, 2023. Second, on top of the additional tax measures introduced at the time of approval of the budget, the government has notified an increase in electricity tariffs which would contribute to inflation in coming months. Third, the global commodity prices have somewhat increased but are still lower than their recent peak. Fourth, the IMF in its July 2023 World Economic Outlook has slightly raised its projection of global growth this year while leaving the 2024 growth projection unchanged.

In light of these developments, the MPC stressed on maintaining an appropriately tight monetary policy stance with positive real interest rates on forward looking basis to keep inflation and its expectation on downward path so as to achieve the medium-term inflation target of 5 – 7 percent by end-FY25.

The latest data indicates that both the fiscal and primary deficits may exceed their revised estimates for FY23. The Committee noted that this less than earlier anticipated fiscal consolidation could undermine the central bank's efforts to contain inflation and inflation expectations. In this backdrop, the MPC emphasized the importance of

achieving the envisaged fiscal consolidation in FY24 in the context of achieving broader macroeconomic stability. The national CPI inflation has moderated considerably from its peak of 38 percent y/y in May 2023 to 29.4 percent in June. The decline was broad-based. Looking ahead, the MPC expects the y/y inflation to remain generally on a downward trajectory due to subdued domestic demand amid tight monetary policy stance, favorable outlook for global commodity prices, and positive base effect. This assessment takes into account the impact of recent measures (increase in electricity tariffs, changes in duties and taxes on consumer items and raw materials) and their second-round effects. Based on this assessment, the MPC projects average inflation in the range of 20 – 22 percent in FY24, down from 29.2 percent in FY23. The MPC's assessment shows inflation to fall gradually during the first half of FY24, before falling below 20 percent in the second half. This outlook, nevertheless, is subject to risks arising from domestic and external shocks such as adverse climate events, and global commodity price volatility. In this regard, the MPC will continue to carefully monitor the impact of unfolding domestic and global developments on the inflation outlook, and, if required, recalibrate the monetary policy stance to achieve price stability.

<https://www.sbp.org.pk/press/2023/Pr-31-Jul-2023.pdf>

CPI Inflation:

Monthly (July 2023)	28.3%	Annually (July 22- June 23)	29.1%
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<https://www.pbs.gov.pk/cpi>

European Central Bank:



European Central Bank: Monetary Policy Decisions

The Governing Council decided to raise the three key European Central Bank (ECB) interest rates by 25 basis points. Accordingly, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will be increased to 4.3 percent, 4.5 percent and 3.8 percent respectively, with effect from August 02, 2023.

<https://shorturl.at/xPZ08>

CPI Inflation:

Monthly (June 2023)	0.3%	Annually (July 22- June 23)	4.4%
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<https://www.investing.com/economic-calendar/cpi-928>

Bank of Canada



Bank of Canada Publishes FY24 Schedule for Policy Interest Rate

The Bank of Canada on August 02, 2023 published its 2024 schedule for policy interest rate announcements and the release of the quarterly Monetary Policy Report. It also reconfirmed the scheduled interest rate announcement dates for the remainder of this year.

In addition, the bank published its schedule for the release of the Business Outlook Survey and the Canadian Survey of Consumer Expectations, and the Financial System Review.

<https://shorturl.at/jsBV4>

The Saudi Central Bank



Licenses New Debt-Based Crowdfunding Company:

The Saudi Central Bank, previously known as the Saudi Arabian Monetary Authority (SAMA) licensed on August 01, 2023 'Themar' to provide crowdfunding solutions. With Themar, there are now seven authorized companies offering debt-based crowdfunding solutions in Saudi Arabia. SAMA emphasizes the importance of dealing exclusively with authorized financial institutions. To view licensed and permitted financial institutions, visit SAMA's official website. <https://shorturl.at/qHS89>

Approves Insurtech Rules:

The Saudi Central Bank (SAMA) on July 30, 2023 has approved the Insurtech Rules, post public consultation, for the draft rules via National Competitiveness Center's Public Consultation Platform. Insurtech Rules intend to enable Insurtechs to perform flexibly in an innovative based regulatory framework, which includes basic pillars such as practitioners' obligation, clients' information accuracy and codes of conduct preserving clients' rights, compliance and control. To view Insurtech Rules, please visit SAMA's official website. <https://shorturl.at/dhTY9>

SNIPS

Increased Sustainability

About 21 percent of all energy consumed in the US in 2022 came from non-fossil-fuel sources, according to Bloomberg.

Commercial Banks' Gallery

Habib Bank Ltd: H1'23 Profit Rises by 50 percent to Rs 51.5 billion

Habib Bank Limited (HBL) on July 26, 2023 declared a consolidated profit before tax (PBT) of Rs 51.5 billion, nearly 50 percent higher than the PBT for H1'22. The PBT of Rs 30 billion for the second quarter of 2023 was the highest in the bank's history based on superb performance of its core business lines. Along with the results, the bank declared an interim dividend of Rs 2.00 per share (20 percent), taking the total payout for H1'23 to Rs 3.50 per share.

<https://shorturl.at/coKX9>

United Bank Ltd: H1'23 Profit Rises by 50 percent to Rs 52 billion

United Bank Limited (UBL) declared a consolidated profit before tax (PBT) of Rs 52.0 billion for the half year ended June 30, 2023, with an impressive growth of 50 percent over last year. Profit after tax (PAT) was reported at Rs 27.5 billion, with a two-fold increase. Earnings per share (EPS) was measured at Rs 22.01 (H1'22: Rs 9.77). The Return on Equity (ROE) for the current period was reported at 26 percent (H1'22: 13 percent). <https://shorturl.at/anpLZ>

SNIPS

The AI Disconnect

Gallup's latest data show that 72 percent of HR heads see AI replacing jobs at their organization in the next three years, but in contrast, only 14 percent of US employees feel their job is likely to be eliminated because of tech.

MCB Ltd: H1'23 Profit Jumps 65 percent to Rs 53.8 billion

MCB achieved substantial growth in core earnings, resulting in a 65 percent year-on-year increase in profit before tax (PBT) for the half-year ending on June 30, 2023, reaching Rs 53.8 billion. Profit after tax stood at Rs 26.7 billion, translating into Earning Per Share (EPS) of Rs 22.5 compared to EPS of Rs 9.4 reported in corresponding period last year.

<https://shorturl.at/akLZ4>

Meezan Bank Ltd Introduces Meezan WhatsApp Banking Service for its Customers

Meezan Bank, Pakistan's leading Islamic bank, has introduced Meezan WhatsApp Banking, a hassle-free service that empowers both individual customers and businesses to conveniently access a wide range of Account Management services without the need to visit the Bank's website or log in to the mobile application. Developed in collaboration with Infobip (Globally Authorized Vendor), this new service facilitates seamless interaction between Meezan Bank and its customers and is available 24/7. All Meezan customers, including those residing abroad can now avail instant services such as checking account balances, generating IBAN, viewing transaction history, downloading account statements, and obtaining tax certificates. <http://rb.gy/jzobg>

HSBC Profit More Than Doubles as Interest Rates Rise

On August 01, 2023, Hongkong and Shanghai Banking Corporation (HSBC) said its profits for the first half of the year have more than doubled after the banking giant benefited from rising interest rates in the UK and around the world. Central banks have been lifting interest rates to calm high inflation. But UK regulators have been concerned that banks have not been passing on enough of the rises to savers. HSBC said pre-tax profit rose to \$21.7 billion (£16.9 billion) between January and June from \$8.7 billion last year. Its chief executive Noel Quinn said: "Our financial performance has continued to improve, aided by the interest rate environment." More than 80 percent of its profits were generated outside of its UK operations. <https://www.bbc.com/news/business-66368580>

SNIPS

The Era of Global Boiling

The global average temperature this month has at times been 1.5°C higher than it was before human-induced warming set in, according to the Financial Times.

Singapore Bank DBS' Q2 Profit Beats Estimates; Expects Record Year

Singapore's biggest bank the Development Bank of Singapore Limited (DBS) Group said on August 3, 2023, its second-quarter profit jumped a forecast-beating 48 percent to a new record as higher interest rates helped drive income growth, and forecast growth in its net interest margin (NIM). DBS said the outlook for NIM, a key indicator of profitability, had improved due to unexpected US. interest rate increases in the second half and a rise in the Hong Kong Interbank Offered Rate. DBS, which is also Southeast Asia's largest lender by assets, expects another record year, projecting full-year return on equity at above 17 percent. <https://shorturl.at/dwFUJ>

Economic Horizons

SECP Publishes Diagnostic Study on Status of Motor Third-Party Insurance

The SECP released a Diagnostic Study on July 31, 2023, providing a holistic synopsis of the existing landscape of motor third-party insurance in the country. As per this study, motor insurance coverage in Pakistan is merely 3 percent, which is way lower compared to other major countries within the region. The current status of motor third-party insurance in Pakistan demands immediate attention. To increase motor insurance coverage and implement existing mandatory motor third-party insurance, the study provides policy recommendations for a multifaceted reform agenda. The initiation point has to be effective implementation of the existing laws while at the same time galvanizing the process of amendments to the Motor Vehicles Act of 1939. The study is the outcome of extensive data collection and consultations with insurance companies through the Insurance Association of Pakistan. <https://shorturl.at/djOVZ> | <https://shorturl.at/bziP2>

SECP Registers Life Insurance Company as a Pension Fund Manager

Promoting healthy competition in the pension management field, the Securities and Exchange Commission of Pakistan (SECP) registered M/s IGI Life Insurance Limited as a Pension Fund Manager under the Voluntary Pension System Rules, 2005.

The Pension Funds established under the VPS Rules are professionally managed savings-cum-investment vehicles that enable salaried and self-employed individuals to contribute during their employment period, to accumulate savings available after retirement. The employer can also contribute in the pension funds for their employees. SECP believes that being long term products, pension and insurance can have natural synergies, and it is encouraging to see life insurance companies entering pension markets. The SECP aims to continue its reform agenda for the development of the private pension and annuity market in Pakistan. Currently the annuity regulatory framework for asset management sector and structural reforms in VPS are in process. <https://shorturl.at/ltMTY>

FBR Launches IRIS 2.0, Redefining User Experience & Efficiency

Chairman Federal Board of Revenue (FBR)/ Secretary Revenue Division Mr Asim Ahmad, launched IRIS 2.0, an upgraded version of the tax filing system developed by Pakistan Revenue Automation Limited (PRAL) at the FBR Headquarters, Islamabad on July 27, 2023. On this occasion,



Member IR Operations, Member IT, CEO PRAL and Chiefs/ Secretaries of IR & IT wings were also present. IRIS 2.0 marks a significant milestone in tax administration with improved user experience, enhanced efficiency, and cost saving for the FBR. IRIS 1.0 and its successor IRIS 1.1, while pioneering, faced several challenges which impacted its performance and user satisfaction in addition to its costly hardware requirements during peak loads. Addressing these concerns head-on, IRIS 2.0 has undergone a major transformation, with focus on robust backend enhancements and an intuitive frontend design, ensuring a seamless experience for both users and the FBR. This was made possible with the leadership and directions of Chairman FBR, Member IR Operations and Member IT by transforming technologies, updating PRAL culture and optimizing PRAL teams.

By upgrading to IRIS 2.0, the FBR will enhance its tax filing operations for achieving greater efficiency, and significantly reducing hardware expenditures. Ultimately, the improved user experience will elevate overall user satisfaction, making IRIS 2.0 a valuable asset for the FBR. IRIS 2.0 is indicative of the FBR and PRAL's resolve to utilize cutting-edge technology for improved service delivery and greater efficiency. It reflects the vision of the Chairman FBR Mr Asim Ahmad to see FBR as modern, technology-driven and efficient organization, in the best service of the nation.
<http://rb.gy/7lpwx>

Karandaaz Pakistan, NIBAF Join Hands to Empower Education System in GB

Karandaaz Pakistan and NIBAF State Bank of Pakistan have come together to sign a Letter of Understanding (LoU) with an objective to empower the education system in Gilgit Baltistan (GB). The agreement aims to train 3000 Government Primary School teachers in GB.

Upon the request of the GB government, Karandaaz Pakistan has taken on the responsibility to sponsor a series

of comprehensive training sessions for primary school teachers. In the initial phase, the curriculum will be implemented for grades 1 to 5 in all primary schools and all the teachers of the respective schools will get training to teach the curriculum. Subsequently, in the second phase, it will extend to grades 6 – 12.

To commemorate this collaboration, the Chief Secretary of GB graced the virtual ceremony on Zoom and conveyed his best wishes for the successful execution of this commendable project.

This strategic partnership among Karandaaz Pakistan and NIBAF State Bank of Pakistan held great promise in enhancing Financial Literacy and knowledge in GB's education landscape, paving the way for a brighter and more empowered future for the students.
<https://shorturl.at/fsLNY>

International Economic Roundup

UK to Keep EU Safety Mark in Post-Brexit Climbdown

The United Kingdom (UK) government has decided on August 2, 2023 to recognize the European Union (EU's) product safety symbol indefinitely, in a post-Brexit climbdown. From the end of next year, goods such as light bulbs and toys were meant to carry a new UK-only mark to be sold in Great Britain. However, the business department has now confirmed the EU symbol will continue to be accepted on most goods. Trade body Make UK welcomed the move, saying it would increase certainty. But the manufacturing group criticized ministers' handling of the issue, saying a history of "last-minute policy changes" had created unnecessary costs. <https://shorturl.at/cozBV>

Paypal's Weak Margin Eclipses Upbeat Spending Outlook

PayPal Holdings shares fell 7 percent in extended trading on August 02, 2023, as investors were disappointed by the payments firm's quarterly operating margin, even as executives said they expect improvement towards the end of the year. Underwhelming margins at PayPal have been worrying analysts in recent quarters. The company's low-margin business products have grown strongly, while growth in its branded products has slowed due to increased pressure from competitors like Apple. In a bright spot, PayPal CEO Dan Schulman said that as inflation cools the company expects discretionary spending to rebound and drive e-commerce growth. <https://shorturl.at/cmoru>

HR TIPS

Do Not Lose Sight of These Critical Leadership Behaviors

Consider this paradox: As you grow in your career, your brain develops in ways that undermine your ability to excel as a leader. Here are three essential leadership behaviors you need to commit to and protect as you develop professionally.

- **Being future-focused.** The higher up the ladder you climb, the farther out you need to think. Resist the urge to value the immediate and short-term future over the long term. Rather than just ensuring the quality of today's work, you must constantly scan for what is next—and ensure your team is prepared.
- **Being good with people.** As you accrue responsibility, it is easy to give too much attention to high-level strategy and not enough to your relationships. Becoming a truly transcendent leader means finding a balance between technical and social skills and between goals and people.
- **Being able to drive realistic results.** More power tends to make leaders more optimistic about what is achievable. Make an effort to stay grounded: Pay attention to the data, details, and your employees' perspectives and set sensible targets accordingly.

(This tip is adapted from *3 Ways Our Brains Undermine Our Ability to Be a Good Leader*, by Cian McEnroe and David Rock – HBR.)

Giving Hard Feedback Is... Hard. Here is How to Do It.

Giving your employees tough feedback can be painful, but it is a requirement for any leader. Here is how to navigate the discomfort and apprehension that comes with difficult conversations so you can say what needs to be said. Start by challenging the assumption that critical feedback makes you a difficult or mean manager. Instead, focus on the rewards of clear, honest communication; your input may be exactly what your employee needs to finish a challenging assignment, and it could help them grow in new, productive ways. Then, before you actually deliver your feedback, consider the worst, best, and most likely outcomes, and come up with a game plan for each. Plan your opening remarks: Use "I" statements, be specific, and strike a respectful, honest tone. Finally, make feedback a regular, predictable habit, rather than an occasional "big" conversation. The more you practice giving feedback in lower-stakes, everyday scenarios, the better at it you will



Nahjul-Balagha, page no. 957
<https://www.duas.org/pdfs/Nahjul-Balagha.pdf>

become. Remember: You are not criticizing your people; you are nurturing them. And you are certainly not being a villain; you are being the leader they need.

(This tip is adapted from *Overcoming Your Fear of Giving Tough Feedback*, by Melody Wilding – HBR.)

Why You—and Your Team—Need a Vacation

Are you planning to take a vacation this year? And if you are a manager, have you encouraged your employees to take time off as well? Whether you spend your break lounging by a pool, going on an adventure, or even having a staycation, research proves that vacations can be deeply beneficial. To make the case to your team (and yourself) that it is time for a break, focus on three areas:

- **Mind.** Taking a vacation can provide a much-needed opportunity for rest, relaxation, and—crucially—better sleep. Paying off your sleep debt will significantly improve your mood, focus, clarity, and creativity, both on vacation and when you return to work.
- **Body.** Everyday work pressures can result in elevated levels of stress hormones over time, which can suppress your immune system. Relaxing on vacation can reduce the levels of these hormones and allow your immune system to recover, making you less prone to getting sick. And depending on how you spend your time away (like being in nature, walking, or exercising), there could be additional physical benefits.
- **Soul.** Stepping away from the daily grind can be an opportunity to tune out external noise and tune into your inner voice. The answers to life's big questions ("What do I really want?" or "What do I value most?") are more likely to come to you when you have some space to reflect.

(This tip is adapted from *How Taking a Vacation Improves Your Well-Being*, by Rebecca Zucker – HBR.)