

Domestic Economic Roundup

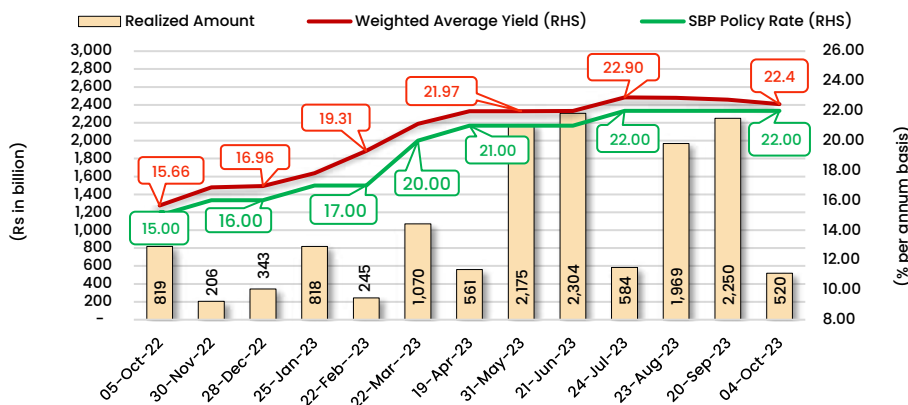
Key Money & Banking Indicators:

	Stocks at End - June 2023*	Flows		Monetary Impact Since 1st July to	
		FY22	FY23*	22-Sep-23	23-Sep-22
Total Deposits with Banks	22,262.4	2,615.1	2,327.6	378.9	(194.7)
Broad Money (M2)	31,530.3	3,304.9	3,927.7	(418.4)	(8.5)
Govt. Sector Borrowings (Net)	23,719.9	3,357.7	4,097.0	1,181.2	520.1
Credit to Private Sector	9,168.3	1,612.1	211.4	(258.0)	(697.0)

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

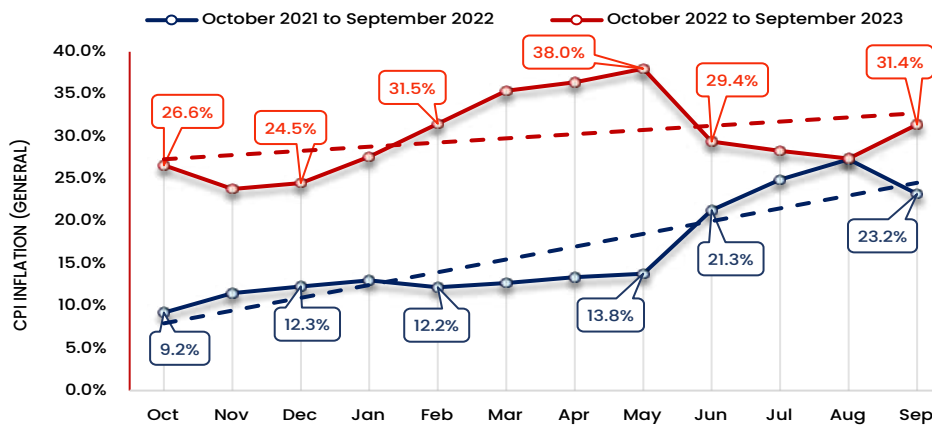
P = Provisional

MTBs Acceptance (Auction+ Non-Competitive Bids)



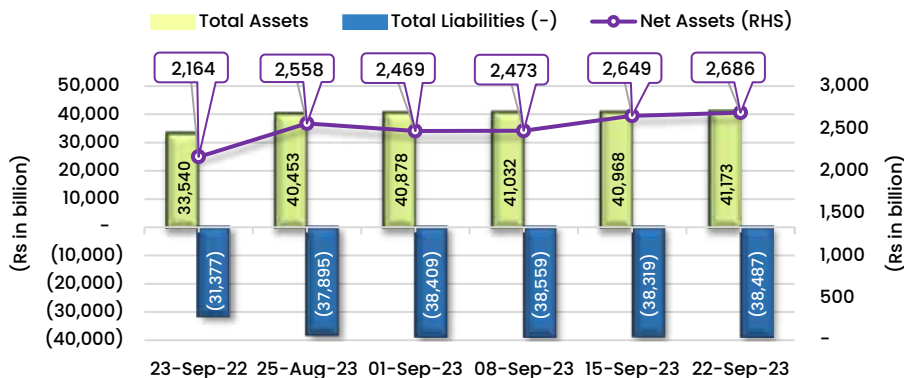
MTBs: <https://www.sbp.org.pk/ecodata/auction-tbills.pdf> SBP Policy: <https://www.sbp.org.pk/ecodata/sir.pdf>

CPI Inflation General (YoY - October to September)



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

Total Assets and Liabilities of Scheduled Banks



https://www.sbp.org.pk/publications/press_comm/index.htm

Markets at a Glance

Rates taken till Friday, October 6, 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	22.41	22.66
Change Ending	22.09	22.34
Change	-0.32	-0.32

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

FOREX RATES

	GBP	EURO	USD
Change Starting	PKR 349.86	PKR 302.44	PKR 287.74
Change Ending	PKR 344.74	PKR 298.04	PKR 282.69
Change	-5.12	-4.4	-5.05

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

PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	46,233
Change Ending	47,494
Change	+1261

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

GOLD RATES*

	10 GM, 24K
Change Starting	PKR 175,815
Change Ending	PKR 166,178
Change	-9,637

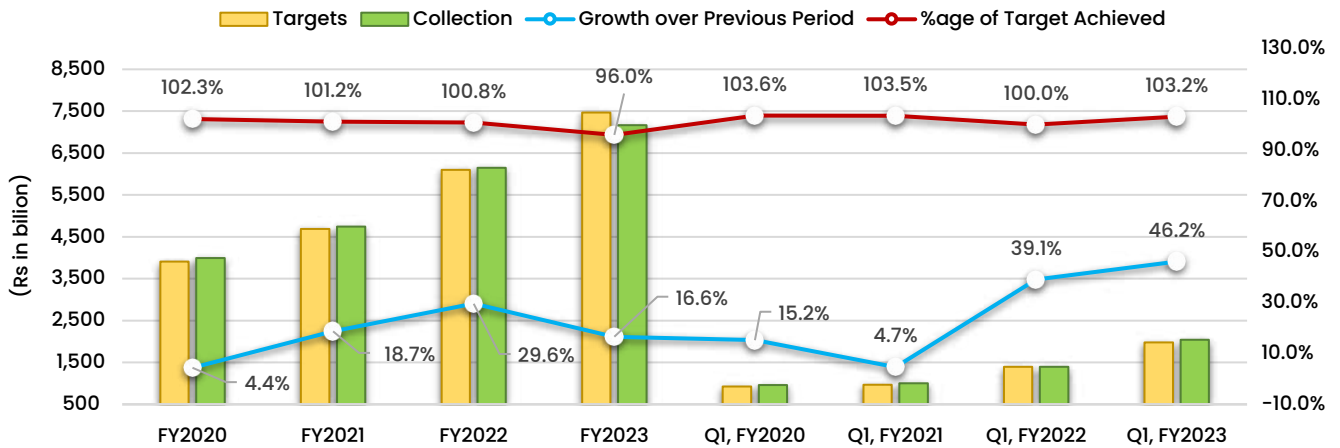
<https://www.forex.pk/bullion-rates.php>

FBR Tax Targets and Collection Profile

(Rs in billion)

Year	Targets	Collection	Growth over Previous Period	%age of Target Achieved
FY2020	3,908	3,997	4.4%	102.3%
FY2021	4,691	4,745	18.7%	101.2%
FY2022	6,100	6,148	29.6%	100.8%
FY2023	7,470	7,169	16.6%	96.0%
Q1, FY2020	926	959	15.2%	103.6%
Q1, FY2021	970	1,004	4.7%	103.5%
Q1, FY2022	1,396	1,396	39.1%	100.0%
Q1, FY2023	1,978	2,041	46.2%	103.2%

FBR Tax Targets and Collection Profile



<https://www.fbr.gov.pk/revenue-collections/142253/131355> | <https://www.fbr.gov.pk/fbr-division-year-books/142253/132040> | <https://www.fbr.gov.pk/pr>

CPI Inflation

Annual Average

Year-on-Year

	Annual Average			Year-on-Year		
	FY20	FY21	FY22	Sep 2022	Aug 2023	Sep 2023
General	10.7	8.9	12.2	23.2	27.4	31.4
Food (Urban)	13.6	12.4	13.4	26.1	38.8	33.9
Non-Food (Urban)	8.3	5.7	10.8	15.2	16.3	26.8

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

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

Currency in Circulation as on (Stock data)

(Rs in billion)

June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Sep 23, 2022	Sep 22, 2023
4,950.0	6,142.0	6,909.9	7,572.5	7,753.8	8,370.0

P = Provisional | R = Revised | F = Final

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

Central Banks' Gallery

Saudi Central Bank



SAMA Seeks Public Consultation on Draft Amendment of Comprehensive Motor Insurance Rules

The Saudi Central Bank (SAMA) seeks public consultation on draft amendment of the Comprehensive Motor Insurance Rules, according to a note issued on October 01, 2023. In this context, SAMA is inviting stakeholders to provide suggestions and observations on the draft by visiting the Public Consultation Platform at the National Competitiveness Center.

The amended rules aim to expand the insurance coverage to include relatives, private drivers and sponsorees of the insured. The amendment limits the scope of the coverage to individual clients only, granting corporate clients greater flexibility to customize insurance coverages and benefits according to their specific needs.

Suggestions and observations on the draft amendment will be received within (15) days of this announcement for assessing their relevance in finalizing the rules. The draft is available on the Public Consultation Platform with the National Competitiveness Center.

<https://shorturl.at/BDRS3>

Central Bank of the U.A.E &

Central Bank of Egypt



Central Bank of the UAE and Central Bank of Egypt enter into Bilateral Currency Swap Agreement

The Central Bank of the UAE (CBUAE) and the Central Bank of Egypt (CBE) have on September 28, 2023, entered into a Bilateral Currency Swap Agreement between the UAE Dirham (AED) and the Egyptian Pound (EGP).

The Agreement, signed by His Excellency Khaled Mohamed Balama, Governor of the Central Bank of the UAE, and His Excellency Hassan Abdalla, Governor of the Central Bank of Egypt, allows for the exchange of local currencies between the two central banks with a nominal size of up to AED 5 billion and EGP 42 billion.

Commenting on the agreement, H.E Khaled Mohamed Balama, Governor of CBUAE, said: "The Bilateral Currency

Swap Agreement between the UAE and Egypt reflects the strong relationship between the two countries and serves as an opportunity to promote cooperation and develop our respective economic and financial markets. In line with the efforts of the UAE and Egypt's leadership to collaborate more broadly across multiple areas, the CBUAE is keen to deepen its cooperation with the CBE to achieve common interests, positively impact the trade, investment and financial sectors, and enhance financial stability."

H.E. Hassan Abdalla, Governor of CBE, said: "In support of the continued robust relations between the UAE and Egypt, the Central Bank of the UAE and the Central Bank of Egypt have entered into a Bilateral Currency Swap Agreement, which I am confident will bolster cooperation between both financial sectors in their respective currencies."

<https://shorturl.at/dkrPW>

Central Bank of the Republic of Türkiye



MPC Decides to Raise the Policy by 500 Basis Points

The Monetary Policy Committee (MPC) has decided on September 28, 2023 to continue the monetary tightening process in order to establish the disinflation course as soon as possible, to anchor inflation expectations, and to control the deterioration in pricing behavior. Accordingly, the Committee raised the policy rate (the one-week repo auction rate) from 25 percent to 30 percent.

Detailed report may be viewed at the following link:

<https://shorturl.at/tFZ27>

CPI Inflation:

Monthly (September 2023)	61.53%	Annually	58.94%
--------------------------	--------	----------	--------

<https://shorturl.at/tNQTW>

SNIPS

WFH Carbon Footprint

Research indicates that the carbon footprint of working remotely cuts emissions by 54 percent daily by reducing energy use in office, fewer emissions since fewer people are commuting, thus less traffic congestion, meaning other drivers waste less fuel idling, as per the World Economic Forum.

Commercial Banks' Gallery

Meezan Bank Ltd Awarded as Best Company in Financial Category by MAP

Meezan Bank has been awarded 'Best Company in Financial Category' at the 38th Corporate Excellence Awards hosted by Management Association of Pakistan (MAP) on October 5, 2023, at Marriot Hotel, Karachi.

Mr Irfan Siddiqui – Founding President & CEO, Meezan Bank, along with other members of the senior management, graced the award ceremony with his presence, which was also attended by top management from the corporate sector of Pakistan.

MAP has been organizing this event since 1982 to recognize and promote corporate excellence.
<https://shorturl.at/hqxDI>

She Loves Tech Pakistan 2023 Wraps Up in Collaboration with HBL

The leading non-profit tech startup CIRCLE, in collaboration with HBL, proudly announces the victor of the 2023 'She Loves Tech Pakistan 2023' competition, an event marking its successful seventh year. This win will propel Sehrish Raza Founder and CEO – BizB to represent Pakistan on the global stage at the She Loves Tech finale in Singapore, October 25-28, 2023.

CIRCLE Women dedicated to fostering innovation, financial inclusion and entrepreneurship among women in Pakistan, brought She Loves Tech to the country in 2017. She Loves Tech, a globally renowned platform is now the world's largest women and startup competition happening in 70 countries, providing crucial opportunities for women in technology to showcase groundbreaking ideas, connect with industry leaders, and access invaluable mentorship.

The 2023 She Loves Tech Pakistan competition brought 9 women led tech startups from across the country including cities like Lahore, Karachi, Faisalabad, Hyderabad, Gilgit, Multan and Islamabad to present their innovative ideas to a distinguished panel of judges at the final round held at HBL Sky Tower Office, Karachi.

The competition showcased remarkable innovation and entrepreneurship, with Sehrish Raza clinching victory and a significant cash prize worth PKR 300,000 sponsored by 'Glow & Lovely'. Sehrish runs a marketplace with 45,000 registered users for buying and selling preloved dresses to promote sustainable fashion.
<https://shorturl.at/uJTY6>

BankIslami Pakistan Ltd Appoints Rizwan Ata as the New President and CEO

BankIslami, one of Pakistan's leading Islamic financial institutions, has appointed Mr Rizwan Ata as its new President and CEO on October 2, 2023.

Ata brings with him a wealth of experience and a profound understanding of the Islamic banking industry to his new role. Having been associated with BankIslami for the past five years in the capacity of Group Head Distribution.

He has played a pivotal role in driving the bank's exceptional growth and success during this period. Moreover, he also held the position of Deputy CEO before taking charge as the President & CEO of BankIslami.

Commenting on his appointment, Ata stated, "I am deeply honored and excited to lead BankIslami in this new chapter. I am committed to building upon the strong foundation laid by my predecessor, Mr Syed Amir Ali, and working collaboratively with our talented team to further strengthen our position as a leader in Islamic banking in Pakistan. Together, we will continue to deliver innovative and Shariah-compliant financial solutions to our valued customers". <https://shorturl.at/jsuJ6>

Economic Horizons

SECP Publishes Latest Statistics of Insurance Industry

The Securities and Exchange Commission of Pakistan (SECP) on October 02, 2023, has published the latest statistics, providing a comprehensive assessment of the insurance industry's financial performance.

These much-needed statistics, offering insights into 2022 data, are critical for the diverse stakeholders to make informed decisions and enable analysis. This is also significant in the long run for establishing industry-wide standard performance norms and functioning as a tool for effective performance measurement.

The report shows that the life insurance sector accounts for 68 percent of gross premiums written in the industry, while the non-life sector accounts for 32 percent.

In 2022, the industry's total assets increased by 14.5 percent, reaching PKR 2,421 billion from PKR 2,114 billion. The gross premium increased by 28 percent from PKR 432 billion in 2021 to PKR 553 billion. Claims paid increased by 26 percent, with PKR 276 billion paid by life insurance companies and PKR 69 billion by non-life insurance companies, compared to PKR 218 billion in 2021.

Commissioner Insurance, Aamir Khan, emphasized the need for stakeholder collaboration to address challenges like motor third party insurance, lower agricultural and livestock insurance uptake, inefficient taxation regime, and limited technology use. Khan suggested adoption of a mutually agreed long term strategic direction.

The Insurance Industry Statistics of 2022 are based on data provided by insurance companies in the specified formats by the SECP. The report is available at SECP's website at: <https://shorturl.at/vGR06> | <https://shorturl.at/gpBX0>



World Bank Cuts Pakistan's GDP Forecast to 1.7 percent for FY24

The World Bank has projected Pakistan's GDP growth rate at 1.7 percent during the fiscal year 2023-24 (FY24), a downward revision from its earlier estimate of 2 percent during the period.

The bank, in its latest report 'Pakistan Development Update: Restoring Fiscal Sustainability' released on October 03, 2023, said that without a sharp fiscal adjustment and decisive implementation of broad-based reforms, Pakistan's economy will remain vulnerable to domestic and external shocks.

Predicated on the robust implementation of the IMF Stand-By Arrangement (SBA), new external financing, and continued fiscal restraint, real GDP growth is projected to recover to 1.7 percent in FY24 and 2.4 percent in FY25. Economic growth is therefore expected to remain below potential over the medium term with some improvements in investment and exports, said the bank.

Pakistan's economy slowed sharply in FY23 with real GDP estimated to have contracted by 0.6 percent. According to the World Bank, the decline in economic activity reflects the cumulation of domestic and external shocks including the floods of 2022, government restrictions on imports and capital flows, domestic political uncertainty, surging world commodity prices, and tighter global financing.

The previous fiscal year ended with significant pressure on domestic prices, fiscal and external accounts, and exchange rates, and a loss of investor confidence. The difficult economic conditions along with record-high energy and food prices, lower incomes, and the loss of crops and livestock due to the 2022 floods, have significantly increased poverty.

The poverty headcount is estimated to have reached 39.4 percent in FY23, with 12.5 million more Pakistanis falling below the Lower-Middle Income Country poverty threshold (US\$3.65/day 2017 PPP per capita) relative to 34.2 percent in FY22.

To regain stability and establish a base for medium-term recovery, the report recommends reforms to drastically reduce tax exemptions and broaden the tax base through higher taxes on agriculture, property, and retailers; improve the quality of public expenditure by reducing distortive subsidies, improving the financial viability of the energy sector, and increasing private participation in state-owned enterprises; and strengthening management of public debt through better institutions and systems, and by developing a domestic debt market. <http://rb.gy/ualuej>

Political Stability Following Elections to Boost Business Confidence in Pakistan, says ADB Report

The Asian Development Bank (ADB) said in its recent report that political stability after upcoming elections in Pakistan could boost business confidence and pave way for new standby arrangement with International Monetary Fund (IMF).

"Political stability following general elections later this year, if achieved, will boost business confidence, as will a new standby arrangement agreed with the International Monetary Fund to support economic stabilization and rebuild fiscal buffers," says Asian Development Outlook (ADO) for September 2023.

The outlook has slightly revised Pakistan's growth target to 1.9 percent for the fiscal year 2023-24 against its projections of 2 percent made in April 2023.

"In Pakistan, growth is forecast at 1.9 percent in FY2024, slightly below the April projection, assuming continued implementation of reforms and supportive macroeconomic policies, recovery from flood-induced supply shocks, and improving external conditions," it added.

The report revised down the country's growth estimate for FY2023 to 0.3 percent (0.6 percent forecast in April). According to report, the revised projection assumes a modest rebound in demand, with private consumption and private investment growing by about 3 percent and 5 percent, respectively.

On the output side, better weather conditions will enable an increase in the area under cultivation and in yields, supporting recovery in agriculture.

The government's relief package of free seeds, subsidized credit, and fertilizer will also help. In turn, the recovery of farm output will feed through to industry, which will also benefit from the increased availability of critical imported inputs.

The recovery of output will enable exports to pick up, although imports will grow much faster, due to pent-up demand. However, the downside risks are significant, including from global price shocks and slower global growth. <http://rb.gy/o4q4o>

FBR Surpasses Quarterly Target by Rs 63 billion

For the first quarter of current financial year, FBR has collected Rs 2,041 billion (2022: 1644 billion) against assigned target of Rs 1,978 billion thus exceeding the target by Rs 63 billion. FBR has also put in exceptional efforts to achieve revenue target for the month of September, 2023. As against a target of Rs 794 billion, FBR was able to collect Rs 834 billion (2022: 688 billion), while refunds amounting to Rs 37 billion were issued compared to Rs 18 billion issued in September, 2022.

However, severe import compression was witnessed during the month of September, 2023. During previous month, taxes at import stage were collected at Rs 299 billion whereas during the current month, taxes at import stage were only Rs 254 billion. FBR was able to make up the shortfall of Rs 45 billion through domestic taxes especially direct taxes. <https://shorturl.at/eiG79>

SECP Proposes Simplified Process for All Right Issues

The Securities and Exchange Commission of Pakistan (SECP) on September 28, 2023 has notified draft amendments to the Companies (Further Issue of Shares) Regulations, 2020, for eliciting public opinion. The amendments are aimed at providing greater clarity as well as simplifying the procedure for further issuance of shares by listing companies.

In contrast to the existing procedure, which requires customized disclosures on the basis of issue size, SECP has removed these thresholds and put forward a standardized procedure with uniform disclosure and reporting requirements for all right issues, irrespective of their size.

Nevertheless, the draft regulations call for more comprehensive disclosures within the offering document, aiming to empower investors to make well-informed decisions. These disclosures encompass critical information about the issuer, specific risk factors, and the potential implications of these risks on the company's operations and performance.

A consultation paper outlining the proposed amendments and key considerations has been published on the SECP website for more detailed coverage at: <https://shorturl.at/swzAL> | <https://shorturl.at/dyCMY>

International Economic Roundup

IMF Issues Working Paper on 'Assessing Macrofinancial Risks from Crypto Assets'

The failures in the crypto space—including the fall of Terra USD and the FTX debacle—have sparked calls for strengthening countries' policy frameworks for crypto assets, including by enhanced regulation and supervision. How have these heightened concerns about crypto assets been picked up in systemic risk assessment, and what can be done going forward?

In this paper, the authors Burcu Hacibedel and Hector Perez-Saiz proposed a conceptual framework and a tool to integrate macrofinancial risks from crypto assets into regulatory and systemic risk assessment frameworks. First, they introduce a macrofinancial framework to gauge, understand and track risks stemming from crypto assets comprising the so-called "stablecoins", unbacked tokens, utility tokens, and security tokens.

Secondly, they identify areas of risk from a micro-prudential perspective. Both the macro and micro risks and vulnerabilities are then reflected in the proposed crypto risk assessment matrix (C-RAM, henceforth). The C-RAM consists of three steps starting with a decision tree followed by a country-level risk mapping and a global crypto risk assessment matrix. The country-level analysis highlights vulnerabilities and risks, analyzes potential triggers leading to systemic risk and proposes potential policy tools. The global C-RAM identifies global risks that would be exogenous to countries and have implications for macrofinancial stability. <https://shorturl.at/dqCV5>

Germany Welcomes China's Support for G20 Debt Restructuring Framework

On October 01, 2023, Germany welcomed a show of support from China for the G20 debt restructuring framework for poorer countries in a joint statement after their financial dialogue in Frankfurt over the weekend.

"We welcome the fact that the Chinese side is also committed to this in our Joint Statement, because solutions are inconceivable without China as such an important player in world politics," German Finance Minister Christian Lindner said on Sunday, after his meeting with Chinese Vice Premier He Lifeng.

Neither provided further details on the rules for the restructuring plans and the joint statement did not give specifics.

Some countries such as Germany have argued that with China being by far the largest creditor for many highly

indebted countries in Africa and Asia, Beijing should make concessions to speed debt restructuring.

China is willing to work with Germany to further "mutually beneficial" cooperation, and inject more "positive energy" into their partnership, the official Xinhua news agency reported on Sunday, citing He.

High-ranking representatives of the countries' central banks and supervisory authorities attended the third financial dialogue between Berlin and Beijing, as well as companies' representatives.

"It is important for me to emphasize that for the first time in the history of the Financial Dialogue we have established a Financial Roundtable with representatives of important financial institutions and private companies," Lindner said.

Lindner proposed to increase the frequency of financial dialogues between China and Germany, to have these meetings annually instead of every two years, as both countries want faster progress. "In politics, two years is a long time, but in financial matters, two years is an eternity," Lindner said.

The meeting took place in Frankfurt, as Germany want to further strengthen this city as European hub for financial services, the finance minister said. <https://shorturl.at/FHQU4>



AAOIFI Issues Financial Accounting Standard 36 "First Time Adoption of AAOIFI Financial Accounting Standards" Officially in Arabic

The Accounting and Auditing Organization for Islamic Financial Institutions (AOIFI) has finalized and approved for issuance the Arabic version of Financial Accounting Standard (FAS) 36 "First Time Adoption of AAOIFI Financial Accounting Standards". The English version of this standard was issued in November 2020.

The objective of this standard is to prescribe principles applicable to an Islamic financial institution (the institution) adopting AAOIFI Financial Accounting Standards (FASs) or applying them for the first time with regard to the transition process, as well as, to specify financial reporting requirements applicable to the first financial statements.

This standard applies to an institution's separate (stand-alone) financial statements, as well as, its consolidated financial statements.

The standard prescribes an immediate effective date, due to the immediate need for this standard, whereby there is no justification to have a deferred application date.

To view the Arabic version, please click on the following link: <https://shorturl.at/qxzN3> | <https://shorturl.at/iwFKW>

HR TIPS



Changing a Behavior Takes Deliberate Effort

We all need to grow and develop, and that often means changing some well-worn behaviors. But how exactly do you do that, especially when you know how hard behavior change can be? Try following these four steps

- **Increase your self-awareness.** You can only change your behavior when you are aware of how it is perceived by others and of the thoughts and feelings you experience as you attempt to change. Regularly seek feedback, and be wary of any instincts that feedback is either unnecessary or inappropriate. Noticing such thoughts is the first step to overcoming them.
- **Make commitments.** This will raise the likelihood that you will follow through. Tell other people—a coach, peer, or team member—what you are hoping to work on.
- **Overcome interference.** Watch out for thoughts that might derail your intentions, like "Do I really need to change that behavior? I have succeeded so far." These defensive feelings are normal, but you need to recognize them for what they are: interference.
- **Practice.** It is rare to set an objective for personal change, choose a path, and execute with no trouble. Successful change usually requires trial and error, which takes deliberate practice. So, start small and thoughtfully try out the change and learn from your experience.

(This tip is adapted from *Leading Change May Need to Begin with Changing Yourself*, by Narayan Pant – HBR.)

Get the Most Out of a Meeting with Your Boss's Boss

Managing up does not stop at influencing your immediate boss. You also need relationships with leaders further up your chain of command, including your boss's boss. Next time you have the opportunity to meet with them, make sure you use the time wisely. You might follow a 70/30 rule: Aim to speak 30 percent of the time while allowing your boss's boss to speak 70 percent of the time. Use your speaking time to ask questions that showcase your strategic thinking and help you get clarity. For example, you might ask:

- What do you believe are the most significant challenges our team should be addressing?
- How do you envision our team's role evolving given the company's long-term strategy?
- Based on your observations, how can I grow in my role to better support both our immediate team and the larger organization?
- What trends or changes in the market should we be paying attention to or learning from?
- When you envision our company five or 10 years down the road, what are the key milestones you hope we have achieved?
- Given the challenges our industry faces, what keeps you hopeful?

Then, your primary job is to listen. That way you avail yourself of their experiences and insights and can more easily pick up on non-obvious nuances.

(This tip is adapted from *How to Have a Successful Meeting with Your Boss's Boss*, by Melody Wilding – HBR.)

Get the Feedback You Need from Your Customers

Your business cannot improve operations without honest and substantive feedback from your customers. But customers can often be reluctant to provide it. Here are three ways to get the input you need.

- **Reframe customer feedback requests.** When following up with customers after they have interacted with your company, make it clear that the organization is seeking to improve—not to be told it is doing well. Instead of asking “How did I do?” ask “What’s one thing I could do to have served you better today?” Ask good second and third questions to encourage customers to generate ideas.
- **Focus on customer actions, not their words.** Instead of tracking “sentiment,” which can be misleading, track and observe customer behavior. How often are customers repeating purchases? How frequently do they come to your store or site? What do they do when they are there?
- **Make it habitual, not occasional.** Switch up that bi-annual or quarterly survey in favor of mechanisms that are continual and can be integrated into your culture. Whenever you make a change to your operations—even if it is small—observe how customers respond and seek honest input. Feedback from customers is not only a gift but an imperative.

(This tip is adapted from *How to Get Honest and Substantive Feedback from Your Customers*, by Geoff Tuff, Steve Goldbach, and Elizabeth Lascaze – HBR.)

SNIPS

Growing Popularity

With 950 million members as of July, LinkedIn posts grew 41 percent from 2021 to 2023, according to Business Insider.