

Domestic Economic Roundup

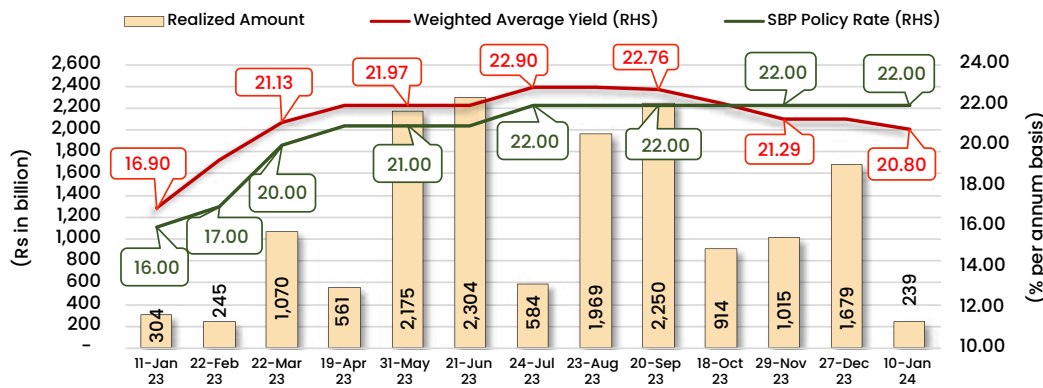
Key Money & Banking Indicators:

	Stocks at End - June 2023	Flows		Monetary Impact Since 1st July to	
		FY22	FY23	29-Dec-23	30-Dec-22
Total Deposits with Banks	22,262.4	2,615.1	2,327.6	2,119.2	183.7
Broad Money (M2)	31,523.3	3,304.9	3,920.6	1,386.6	246.8
Govt. Sector Borrowings (Net)	23,723.1	3,357.7	4,100.2	2,300.0	451.3
Credit to Private Sector	9,167.1	1,329.7	208.3	373.5	581.2

(Rs in billion)

<https://shorturl.at/hil46>

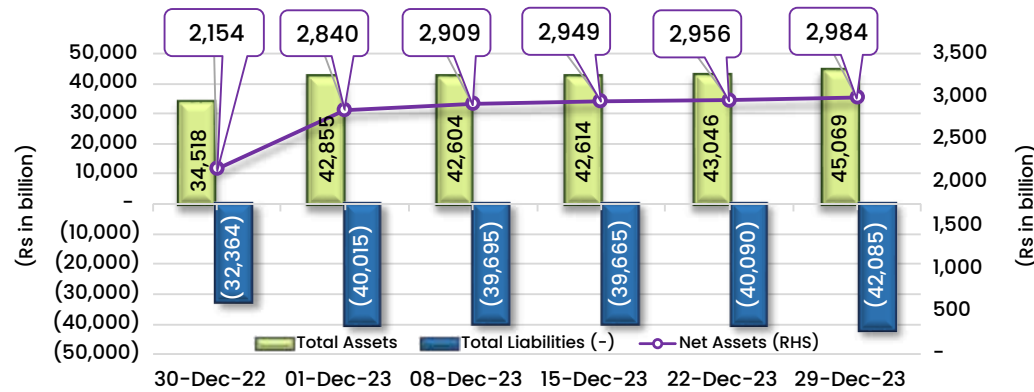
MTBs Acceptance (Auction+ Non-Competitive Bids)



MTBs: <https://shorturl.at/gkxA3> | SBP Policy: <https://shorturl.at/gkzG>

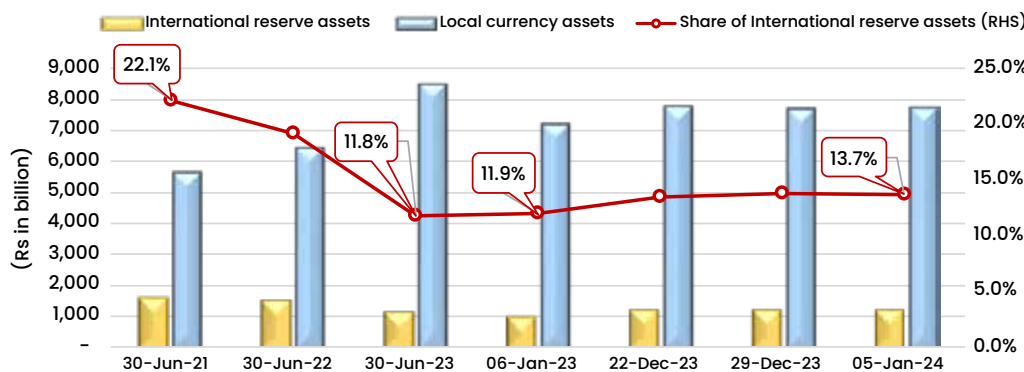
Total Assets and Liabilities of Scheduled Banks

<https://shorturl.at/gwMP6>



Assets Composition of Total Banknotes Issued

<https://shorturl.at/jo279>



Markets at a Glance

Rates taken till Friday, January 12, 2024

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	21.08	21.33
Change Ending	20.66	20.91
Change	-0.42	-0.42

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

FOREX RATES

	GBP	EURO	USD
Change Starting	PKR 356.67	PKR 307.34	PKR 281.40
Change Ending	PKR 358.18	PKR 307.85	PKR 280.36
Change	+1.51	+0.51	-1.04

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

PAKISTAN STOCK EXCHANGE

	100 Index
Change Starting	64,515
Change Ending	64,638
Change	+123

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

GOLD RATES

	10 GM, 24K
Change Starting	PKR 185,301
Change Ending	PKR 182,456
Change	-2,845

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

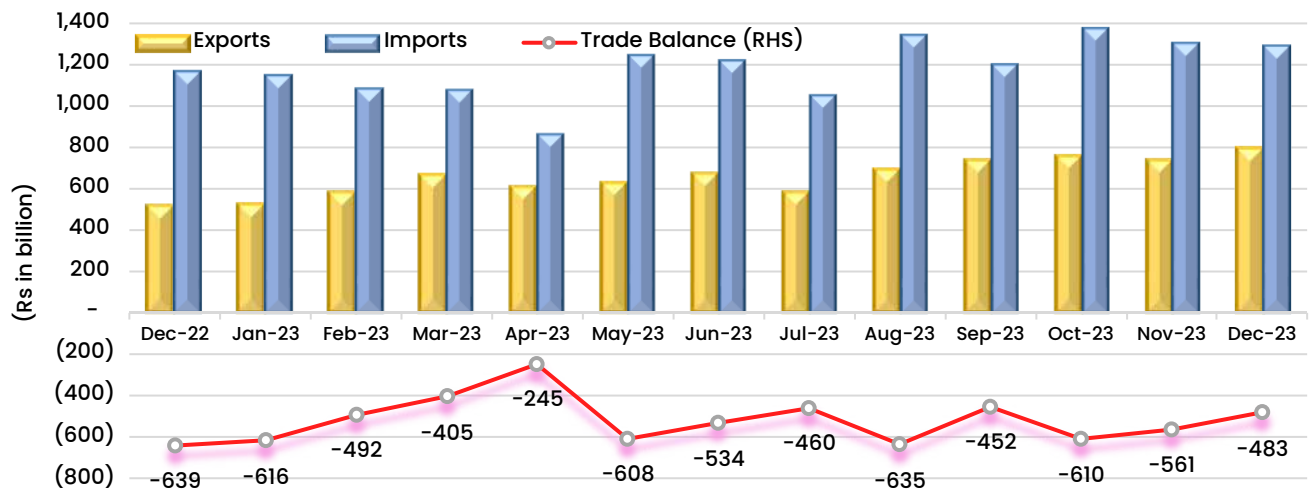
Balance of Trade Summary

(Rs in billion)

Series	Dec, 2022 (F)	Nov, 2023 (R)	Dec, 2023 (P)	% Change (December 2023 over November 2023)	% Change (December 2023 over December 2022)
Exports	517.2	734.5	797.6	8.6	54.2
Imports	1156.2	1296.0	1280.3	(1.2)	10.7
Balance of Trade - Services	(639.0)	(561.4)	(482.8)	(14.0)	(24.5)

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

Trends in Merchandised Trade:



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

CPI Inflation

Annual Average

Year-on-Year

	FY20	FY21	FY22	Dec 2022	Nov 2023	Dec 2023
General	10.7	8.9	12.2	24.5	29.2	29.7
Food (Urban)	13.6	12.4	13.4	32.7	29.8	28.8
Non-Food (Urban)	8.3	5.7	10.8	14.8	30.9	32.4

<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	Dec 30, 2022	Dec 29, 2023
4,950.0	6,142.0	6,909.9	7,572.5	7,628.6	8,408.8

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

Central Banks' Gallery

State Bank of Pakistan



State Bank of Pakistan Launches its Official WhatsApp Channel

The State Bank of Pakistan (SBP) has formally launched its WhatsApp channel. WhatsApp users can follow the verified SBP WhatsApp channel through the below provided link or QR code on SBP website (Press Release dated January 12, 2024). This is another step-in line with SBP's continuous efforts to provide reliable information to its stakeholders in a seamless and timely manner. The channel will serve as a tool of communications where followers will directly receive information from SBP on its policies, initiatives, notifications and awareness campaigns. WhatsApp Channel Link: <https://whatsapp.com/channel/0029VaCSf6cEKyZMXFJbUcl>

Apart from WhatsApp, SBP is also present on the following social media platforms.

Twitter: @StateBank_Pak | Facebook: @StateBankPakistan
YouTube: @StateBankofPakistanOfficial

<http://tinyurl.com/3ubb9vwc>

Workers' Remittances Rose by 5.4 percent in December 2023

Workers' remittances recorded an inflow of US\$2.4 billion during December 2023. In terms of growth, during December 2023, remittances increased by 5.4 percent on Month-on-Month (m/m) and 13.4 percent on Year-on-Year (y/y) basis. Workers' remittances inflow of US\$ 13.4 billion has been recorded in first six months of FY24. Remittances inflows during Dec 2023 were mainly sourced from Saudi Arabia (\$577.6 million), United Arab Emirates (\$419.2 million), United Kingdom (\$368.0 million) and United States of America (\$263.9 million). <http://tinyurl.com/bdxxmzt2>

Rising Trend of Digital Payment in Pakistan's Retail Landscape (Q1 FY24)

Quarterly Payment Systems Report for the quarter Q1 of FY2023-24 is released by the State Bank of Pakistan (SBP) on December 30, 2023, highlighting key advancements within the country's payment ecosystem and providing an inclusive overview of digital transactional activities. As of quarter-end, there were 33 Banks, 11 Microfinance Banks (MFBs), 4 Electronic Money Institutions (EMIs) and 5 Payment Service Providers/ System Operators (PSOs/PSPs)

providing payment services across the country. In addition, Real-time Gross Settlement System (RTGS) and Raast - an instant payment solution, both operated by SBP, further enrich country's payments infrastructure. Moreover, 16 banks and MFBs extended their offerings to Branchless Banking (BB) services thereby expanding the accessibility of the financial services. Regarding digital platform users, there were 17.0 million mobile banking users, 10.3 million internet banking users, 2.4 million e-wallet holders (issued by EMIs) and 61.3 million m-wallet holders (issued by BB service providers) by the end of quarter. Alongside this, there were 54.3 million payment cards issued to the customers of which 79 percent were debit cards, 17 percent were social welfare cards and 4 percent were credit cards.

The share of digital payments in retail transactions of banking system increased to 80 percent during the quarter in comparison to 74 percent in the same quarter of last year. While share of over-the-counter (OTC) transactions was 20 percent in retail transactions this quarter, its share by value was 87 percent indicating customers' preference of OTC channel for higher value transactions. All these retail transactions were facilitated by the payments network provided by the banks, MFBs and EMIs. This included a network of 17,768 bank branches, 18,117 ATMs, 118,444 POS terminals and 7,310 registered e-commerce merchants (with banks/MFBs).

Detailed report may be viewed at the following link: <http://tinyurl.com/ysujkz5b> | <http://tinyurl.com/muvsabfs>

The Saudi Central Bank (SAMA)



SAMA Seeks Public Consultation on Draft General Rules for Savings Products Offered by Banks

The Saudi Central Bank (SAMA) seeks public consultation on the draft General Rules for Savings Products offered by banks, according to a January 10, 2024 bulletin. In this context, SAMA invites stakeholders and the public for their suggestions and observations on the draft by visiting the Public Consultation Platform 'Istitlaa.'

The General Rules seek to establish a framework for banks to offer innovative savings products to incentivize clients' financial planning.

Suggestions and observations on the draft will be received within (15) days from this announcement for assessing their relevance in finalizing the draft, which is available on the Public Consultation Platform with the National Competitiveness Center at: <http://tinyurl.com/mvvtmpu3> | <http://tinyurl.com/29c9ehda>

Central Bank of the UAE



Governor CBUAE Khaled Mohamed Balama named Central Banker of the Year 2024 for the Middle East

His Excellency Khaled Mohamed Balama, Governor of the Central Bank of the UAE (CBUAE), was awarded by The Banker as the Central Banker of the Year for the Middle East for 2024. The award recognizes the CBUAE's concerted efforts to enhance the UAE's financial and monetary stability and growth, fortify its anti-money laundering and combatting the financing of terrorism (AML/CFT) measures, and increase cooperation with global central banks through several partnership agreements. The Banker highlighted that the UAE's banking sector is set to experience greater recovery and growth in 2024 as a result of the CBUAE's efforts in 2023 to maintain financial and monetary stability in the UAE, as well as the financial infrastructure transformation program to accelerate the digital transformation in the financial services sector, encompassing key initiatives such as a central bank digital currency, an instant payments platform (IPP), and a domestic card scheme. This is in addition to the CBUAE having inked several agreements with its international counterparts with the aim of bolstering financial technology, driving virtual assets, simplifying and linking IPPs, as well as entering into bilateral currency swaps between the UAE Dirham and other currencies to increase trade relations with multiple markets globally, thus continuing to strengthen its regional and global leading position. The Banker's Central Banker of the Year awards recognize governors from around the world on an annual basis for their efforts and achievements to stimulate growth and stabilize their respective economies.

<http://tinyurl.com/yc3uveyn>

Commercial Banks' Gallery

HBL Partners with KTrade Securities

HBL and KTrade Securities Limited, a new-age stock and commodity brokerage in Pakistan, signed a Memorandum of Understanding (MoU) on December 21, 2023 to introduce innovative payment solutions to individual investors in the capital markets. Through this strategic partnership, HBL will provide Trade Securities Limited with the platform for investors to connect capital with growth companies and to help transform people's lives by helping them make better financial decisions. According to an HBL social media post, this MoU is a testament to HBL's commitment to providing innovative and client-centric cash management solutions to businesses of all sizes. This alliance will enable HBL to digitize Pakistan's cash management landscape and will make it easier for businesses to operate.

<http://tinyurl.com/bdndp7xr>

Economic Horizons

CDNS achieves Rs 960 billion Target in Fresh Bond

The Central Directorate of National Savings (CDNS) has achieved a target of Rs 960 billion in fresh bonds in the current fiscal year, from July 01 to January 09 2023-24.

The CDNS surpassed the annual target and achieved the target of Rs 1.6 trillion in fresh bonds in the current fiscal year, a senior official of CDNS told a news agency on January 09, 2024. The senior official said this was a Rs 200 billion additional annual target than the target of Rs 1300 billion for the previous financial year 2021-22. "The CDNS has set a reviewed saving target of Rs 1.4 trillion for the current financial year (2021-22) which will promote savings culture in the country," he said. In view of the current market trend in the country, the ambitious target had been set to further improve the savings culture, he said. The official said that work was being done on institutional reforms in CDNS and new reforms and innovations were being introduced.

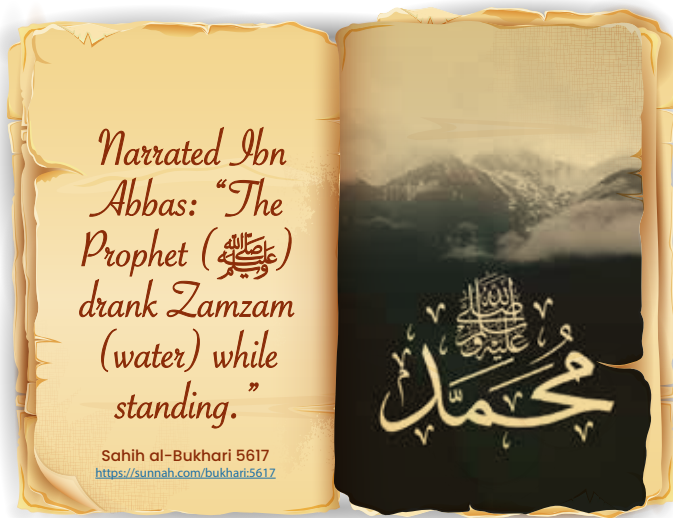
"At this time Automated Teller Machine (ATM) has also been introduced in CDNS which will provide enough facilities to the users," he added.

Replying to a question, he said the CDNS had collected an investment of Rs 52 billion by January 09, 2023-24, through Islamic investment bonds. The official added that the directorate had set a target of Rs 75 billion for the new financial year 2023-24 for Islamic finance bonds. Replying to a question; he said the CDNS aimed to introduce new dimensions in the Islamic finance sector.

He informed the directorate that it had reviewed and set a target of Rs 60 billion in the fiscal year (2022-23) for Islamic investment to introduce new products in the market." Islamic finance has a very important role in the global financial sector at this time, and a large part of the economy of many major countries currently includes Islamic finance," he added. <http://tinyurl.com/mhh377jx>

Business Community Take Advantage of GSP+ by Diversifying Exports: EU Envoy

Ambassador of European Union (EU) to Pakistan, Dr Riina Kionka, on January 09, 2024, advised business community of Karachi to broaden and diversify their exports to EU for taking maximum advantage of EU's GSP Plus scheme for Pakistan which has recently been rolled over for four more years up to 2027. The EU envoy, while exchanging views at a meeting during her visit to Karachi Chamber of Commerce and Industry (KCCI), said that EU's GSP Plus for Pakistan has been rolled over without any changes to the rules framework so everything was going to stay the same up to 2027, said a statement issued here.



"GSP Plus has been extremely positive and useful in economic terms during the last 10 years as it helped in increasing Pakistan's exports to EU by 108 percent while EU imports also ascended by 40 percent since the start of this program", she added. Riina Kionka termed GSP Plus as tremendously important for Pakistan's economy as it was beneficial not only for textile producers but also through the trickle-down effect of all those people who work in textile factories. While identifying Gems and Jewelry, Tourism, Handcrafts and Auto Parts etc. as potential sectors under GSP Plus, the EU Envoy noted that 28 percent of Pakistan's exports come to European single market which was a good number but it could further be enhanced.

She informed that EU Delegation in Islamabad has been working to enhance Pakistan's exports through better utilization of GSP Plus, diversifying exports, investing in value-addition, using new technologies and IT solutions for better access to EU Market, besides bringing in the SMEs who are the backbone of any economy.

She added that EU's delegation in Islamabad would also like to set up a platform to promote EU-Pakistan business-to-business relations which could also help the SMEs in making good connections with businesses in EU and ultimately help the SMEs in Pakistan to also benefit from GSP Plus.

EU has been the largest export destination for Pakistan, which stood at \$8.4 billion, followed by USA at \$5.9 billion and China at \$2.0 billion in FY23, he noted and added "Pakistan's exports to EU are dominated by textiles sector and in the last year, Pakistan's total textile exports remained at \$16.5 billion which was almost 60 percent of the total exports." <http://tinyurl.com/ytuz5bz7>

SNIPS

Using Artificial Intelligence

About 20 percent of freelancers say that they use generative AI regularly, compared to 9 percent of non-freelancers, with research being the top reason, according to the World Economic Forum.

International Economic Roundup

US SEC Approves Bitcoin ETFs in Watershed for Crypto Market

The US securities regulator on January 10, 2024 approved the first US-listed exchange traded funds (ETFs) to track bitcoin, in a watershed for the world's largest cryptocurrency and the broader crypto industry. The Securities and Exchange Commission said it approved 11 applications, including from BlackRock, Ark Investments/ 21Shares, Fidelity, Invesco and VanEck, despite warnings from some officials and investor advocates that the products carried risks.

Most of the products are expected to begin trading on January 11, 2024, issuers said, kicking off a fierce competition for market share. A decade in the making, the ETFs are a game-changer for bitcoin, offering investors exposure to the world's largest cryptocurrency without directly holding it. They provide a major boost for a crypto industry beset by scandals. Some regulatory experts believe the bitcoin ETFs could also pave the way for other innovative crypto products. Several issuers, for example, have filed for ETFs tracking either, the second-largest cryptocurrency.

"Once the dam has been breached, it's going to be really hard for the SEC to continue its 'just say no to crypto' approach," said Jim Angel, associate professor at Georgetown's McDonough School of Business.

<http://tinyurl.com/4zsv67zn>

ADB Supports Indonesia's First Social Bond and Sukuk Issuance

The Asian Development Bank (ADB) has supported Indonesia's first social bond and sukuk issuance.

State-owned secondary finance company PT. Sarana Multigriya Finansial (SMF) raised 500 billion rupiah (\$32.4 million) through a social bond and 200 billion rupiah (\$13 million) through a social sukuk on December 22, 2023. Both instruments were listed on the Indonesia Stock Exchange on December 27, 2023. This is part of an issuance program that allows PT SMF to raise up to 8 trillion rupiah in future bond issuances and 1.5 trillion rupiah in future sukuk issuances to finance new and existing projects with positive social outcomes such as affordable housing.

These instruments were issued under the International Capital Market Association's Social Bond Principles and the Association of Southeast Asian Nations (ASEAN) Capital Markets Forum's Social Bond Standards. This milestone also represents the first issuance of labeled social bonds and sukuk in line with the requirements for sustainability-related bonds and sukuk set by the Financial Services Authority.



Nahjul-Balagha, page no. 863
<https://www.duas.org/pdfs/Nahjul-Balagha.pdf>

“The funds raised through this issuance will be used to finance housing and settlement activities in Indonesia to increase home ownership and the availability of affordable housing projects for low-income earners,” said PT SMF President Director Ananta Wiyogo. “As a state-owned enterprise, we hope our pilot transaction under the new regulation will greatly contribute to developing a sustainable bond market in Indonesia.”

ADB provided technical assistance to support bond framework development, capacity building, and external review through the ASEAN Catalytic Green Finance Facility (ACGF) and the Asian Bond Markets Initiative (ABMI).

The ACGF is an ASEAN Infrastructure Fund initiative to accelerate green infrastructure investments in Southeast Asia. ABMI is a joint initiative from ASEAN, Japan, the People’s Republic of China, and the Republic of Korea to develop local currency bond markets. <http://tinyurl.com/k3uk8m9z>

HR TIPS



Develop Your Active Listening Skills

Are you an active listener at work? Listening actively means you are not just hearing what the person is saying, but also tuning in to their thoughts and feelings. Nodding along and repeating back your conversation partner’s main points is a good start, but it is not enough to make them feel heard.

To become a better active listener, start by understanding your default listening style. Reflect and ask yourself, “How do I usually listen?” Are you task-oriented, focused on efficiency? Do you seek connection, picking up on the emotional elements of what your counterpart is saying? Or do you tend to be more critical? Be honest with yourself about your default mindset when you listen to others. Then make an active, conscious choice about how to best listen in a particular situation. First determine the goal of the conversation. Then decide which listening mode is most appropriate: Are you and your counterpart trying to come up with an action plan? Or to better understand a particular situation or subject? Are you hoping to deepen your relationship? Or are you being asked to provide an honest critical assessment? True active listening entails listening with a clear intention in mind.

(This tip is adapted from *What Is Active Listening?*, by Amy Gallo - HBR.)

Managers, Do Not Neglect Yourself When Supporting Your Team

Managers are expected to provide employees with more emotional support than ever—and many are burning out as a result. To sustain empathy for your employees, you first need to meet your own emotional needs. Here is how to do that.

First, recognize the distress that can come alongside caring for others. After talking with a struggling colleague, take stock of your own emotions. If the conversation left you drained or upset, give yourself some time to process it.

Then, treat yourself with the same grace you offer others. Do not blame yourself for your employees’ feelings—and do not judge yourself for your own.

Finally, ask for help. You do not have to project confidence and serenity at all times. If you are emotionally honest with yourself and seek support when you need it, you will be better equipped to support others when they come to you for help.

(This tip is adapted from *How to Sustain Your Empathy in Difficult Times*, by Jamil Zaki - HBR.)

SNIPS

Demand for AI PhDs

Compared to 21 percent AI PhDs hired by the industry, rather than the academic sector in 2004, 69 percent of those with PhDs in artificial intelligence were employed by the industrial sector in 2020, according to MIT Sloan School of Management.