

Domestic Economic Roundup

Key Money & Banking Indicators:

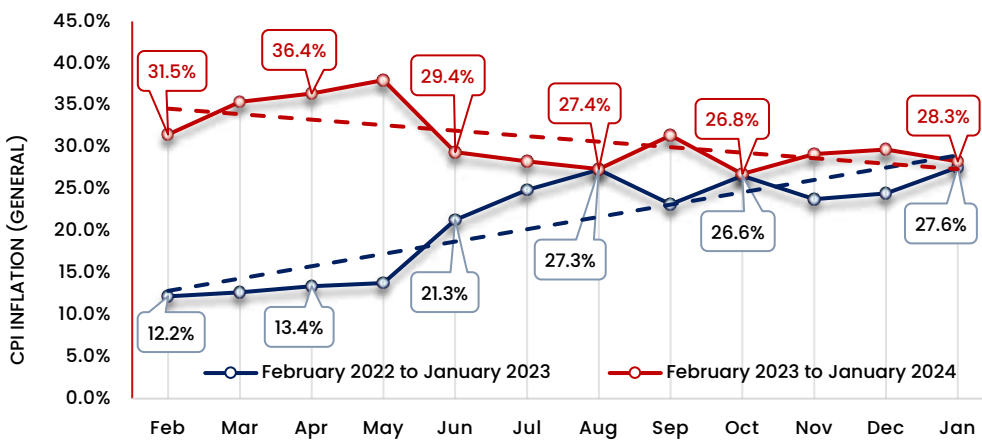
	Stocks at End - June 2023	Flows		Monetary Impact Since 1st July to	
		FY22	FY23	19-Jan-24	20-Jan-23
Total Deposits with Banks	22,262.4	2,615.1	2,327.6	968.0	(376.2)
Broad Money (M2)	31,523.3	3,304.9	3,920.6	424.2	(46.9)
Govt. Sector Borrowings (Net)	23,723.1	3,357.7	4,100.2	2,424.0	1,379.9
Credit to Private Sector	9,167.1	1,329.7	208.3	(15.3)	393.2

(Rs in billion)

<https://shorturl.at/hil46>

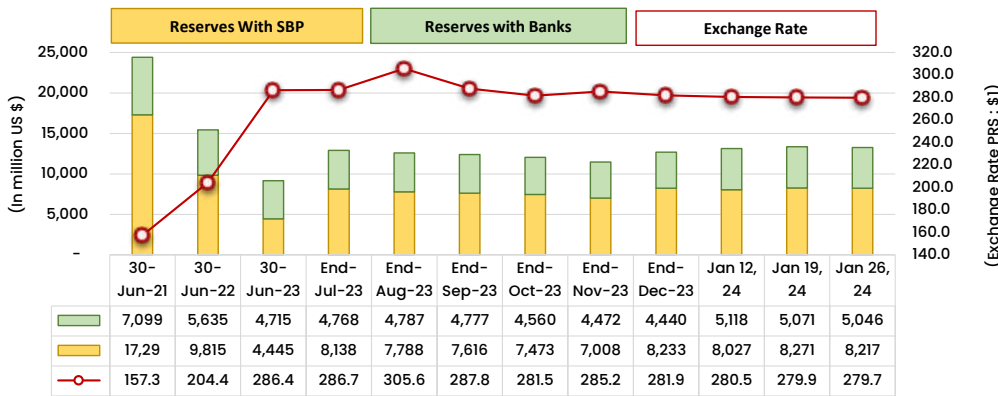
CPI Inflation General (YoY - February to January)

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



Forex Reserves and Exchange Rate

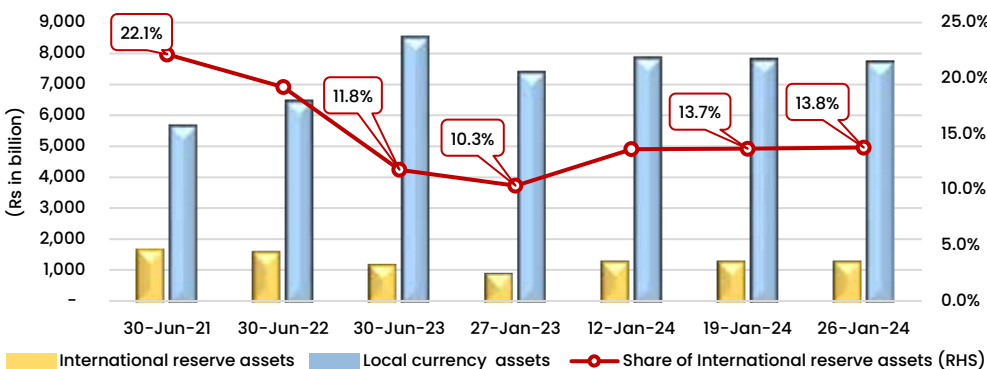
<https://shorturl.at/dxNU7> | <https://shorturl.at/aJM22>



Note: Due to Eid holidays on June 30, 2023 exchange rate is available for July 4, 2023

Assets Composition of Total Banknotes Issued

<https://shorturl.at/jOZ79>



Markets at a Glance

Rates taken till Friday, February 02, 2024

SBP POLICY RATE

22.00% | Effective from June 27, 2023

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

KIBOR (3 MONTHS)

	Bid%	Offer%
Starting	20.41	20.66
Ending	20.93	21.18
Change	+0.52	+0.52

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

FOREX RATES

	GBP	EURO	USD
Starting	PKR 354.62	PKR 302.46	PKR 279.59
Ending	PKR 356.46	PKR 304.10	PKR 279.41
Change	+1.84	+1.64	-0.18

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

PAKISTAN STOCK EXCHANGE

	100 Index
Starting	63,813
Ending	63,003
Change	-810

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

GOLD RATES

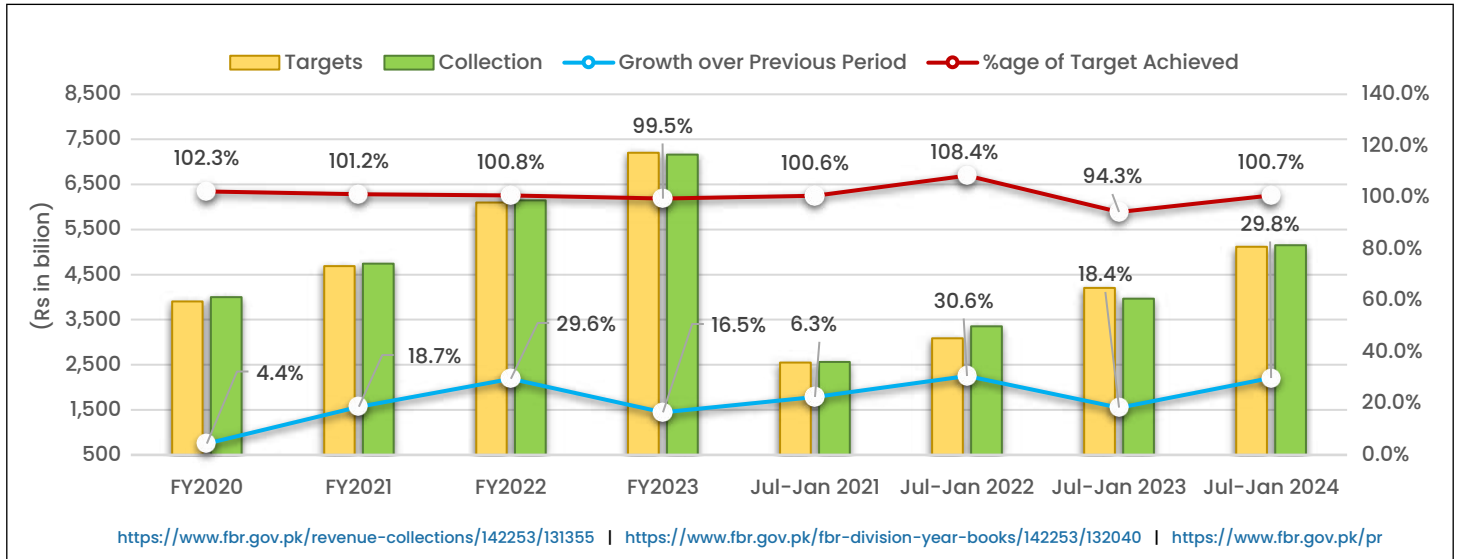
	10 GM, 24K
Starting	PKR 181,316
Ending	PKR 185,172
Change	+3,856

<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	7,200	7,164	16.5%	99.5%
Jul-Jan 2021	2,550	2,565	6.3%	100.6%
Jul-Jan 2022	3,090	3,351	30.6%	108.4%
Jul-Jan 2023	4,206	3,966	18.4%	94.3%
Jul-Jan 2024	5,115	5,150	29.8%	100.7%



CPI Inflation	Annual Average			Year-on-Year		
	FY20	FY21	FY22	Jan 2023	Dec 2023	Jan 2024
General	10.7	8.9	12.2	27.6	29.7	28.3
Food (Urban)	13.6	12.4	13.4	39.0	28.8	27.4
Non-Food (Urban)	8.3	5.7	10.8	15.6	32.4	32.3

<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, 2020	June 30, 2021	June 30, 2022	June 30, 2023	Jan 20, 2023	Jan-19, 2024
6,142.0	6,909.9	7,572.5	9,148.7	7,908.0	8,604.0

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

Central Banks' Gallery

State Bank of Pakistan



MPC Decides to Maintain the Policy Rate at 22 percent

The Monetary Policy Committee (MPC) decided to maintain the policy rate at 22 percent. While arriving at the decision, the Committee observed that the frequent and sizeable adjustments in administered energy prices have slowed down the pace of decline in inflation anticipated earlier, besides impeding a sustained decrease in inflation expectations.

The MPC noted several key developments since its December meeting, which have implications for the economic outlook. First, the FX reserves have improved on the back of a notable surplus in the current account in December and significant financial inflows, including the latest IMF SBA tranche. Second, fiscal consolidation remained on track and complemented the monetary policy stance. Third, the business sentiments, as reflected in the recent surveys, continued to improve. However, the escalated geopolitical tensions in the Red Sea region have led to a surge in global freight charges and are posing risks for global trade and commodity prices.

Taking stock of these developments as well as still-elevated levels of both headline and core inflation, the Committee emphasized on continuing with the tight monetary policy stance. This, along with continued fiscal consolidation and timely realization of planned external inflows, will help to achieve the inflation target of 5-7 percent by September 2025. The revised assessment takes into account the recent and expected adjustment in administered energy prices.

The current account surplus in December 2023 helped bring down the HI-FY24 deficit by 77 percent to US\$ 0.8 billion. The exports registered a growth of 5.3 percent y/y during HI-FY24, supported by growth in rice and volume of HVA textiles.

The MPC noted that both food and core inflation are moderating for the past few months. The large adjustments have significantly impacted the inflation outturns and its near-term outlook. In this regard, the Committee emphasized on reforms to address underlying structural issues, especially those in the energy sector, to achieve price stability on a sustainable basis. Incorporating the inflation in HI-FY24, expected significant decline in the second half, and the evolving risks, the MPC expects average inflation to fall in the range of 23 - 25 percent in FY24 and continue to trend down noticeably in FY25.

<http://tinyurl.com/mu3ha95m>

CPI Inflation:

YoY (January 2024)	28.3%	MoM (January 2024)	1.8%
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<http://tinyurl.com/2hxkfuvcv>

SBP Initiates the Process for Issuance of New Banknote Series

State Bank of Pakistan (SBP) has initiated the process for designing and issuing a New Banknotes Series of all existing denominations. It is an established practice of central banks to introduce new banknote series after every fifteen to twenty years to secure the integrity of banknotes and align them with the latest technological developments in the banknotes design and security features.

As part of the initial process of designing the new banknote series, the SBP is organizing an Art Competition to have innovative and thematic design ideas for the new banknote series. The local artists, designers and art students can send their designs to SBP by March 11, 2024. The top three designs for each of the existing seven denominations will be recognized and awarded cash prizes. The complete information about the Art Competition can be accessed at <http://tinyurl.com/3sh8632y>

Generally, it takes 2 to 3 years to launch a new banknote series, however, the SBP intends to complete the process within the next 2 years.

The existing banknote series will remain in circulation even after the issuance of new series. Any decision on withdrawal of the existing series from circulation will be taken in a gradual and phased manner, once the new banknotes are issued and are in circulation in sufficient quantities.

<http://tinyurl.com/2y8yay5b>

Federal Reserve System (Fed)



Fed Decides to Maintain Target Range for Federal Funds Rate at 5.25 to 5.50 percent

The recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have moderated since early last year but remain strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are moving into better balance. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5.25 to 5.50 percent. In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue

reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to returning inflation to its 2 percent objective. <http://tinyurl.com/28pmjbx>

CPI Inflation:

YoY (December 2023)	3.4%	MoM (December 2023)	0.3%
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<http://tinyurl.com/3ewnrujz>

Bank of England:

MPC Decides to Maintain the Policy Rate at 5.25 percent

The Bank of England's Monetary Policy Committee (MPC) set its 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 January 31, 2024, the MPC voted to maintain Bank Rate at 5.25 percent.

The Committee's updated projections for activity and inflation are set out in the accompanying February Monetary Policy Report. These are conditioned on a market-implied path for Bank Rate that declines from 5.25 percent to around 3.25 percent by the end of the forecast period, almost 1 percentage point lower on average than in the November Report.

Twelve-month CPI inflation fell to 4.0 percent in December 2023, below expectations in the November Report. This downside news has been broad-based, reflecting lower fuel, core goods and services price inflation. Although still elevated, wage growth has eased across a number of measures and is projected to decline further in coming quarters.

CPI inflation is projected to fall temporarily to the 2 percent target in 2024 Q2 before increasing again in Q3 and Q4. This profile of inflation over the second half of the year is accounted for by developments in the direct energy price contribution to 12-month inflation, which becomes less negative.

The MPC remains prepared to adjust monetary policy as warranted by economic data to return inflation to the 2 percent target sustainably. It will therefore continue to monitor closely indications of persistent inflationary pressures and resilience in the economy as a whole, including a range of measures of the underlying tightness of labor market conditions, wage growth and services price inflation. On that basis, the Committee will keep under review for how long Bank Rate should be maintained at its current level. <http://tinyurl.com/48fwfp9k>

CPI Inflation:

YoY (December 2023)	4.0%	MoM (December 2023)	0.4%
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<http://tinyurl.com/4n84mnbp>

Central Bank of the UAE

CBUAE Maintains the Base Rate at 5.40 percent

The Central Bank of the UAE (CBUAE) has decided to maintain the Base Rate applicable to the Overnight Deposit Facility (ODF) without change at 5.40 percent.

This decision was taken following the US Federal Reserve's announcement on January 31, 2024 to keep the Interest on Reserve Balances (IORB) unchanged.

The CBUAE has also decided to maintain the interest rate applicable to borrowing short-term liquidity from the CBUAE at 50 basis points above the Base Rate for all standing credit facilities.

The Base Rate, which is anchored to the US Federal Reserve's IORB, signals the general stance of monetary policy and provides an effective floor for overnight money market interest rates in the UAE. <http://tinyurl.com/2ee5ecky>

CPI Inflation:

YoY (December 2023)	3.4%	MoM (December 2023)	0.3%
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<http://tinyurl.com/3ewnrujz>

UAE Makes First Cross-border Payment using Digital Currency

Sheikh Mansour bin Zayed Al Nahyan, Vice-President, Deputy Prime Minister, Chairman of the Presidential Court and Chairman of the Board of the Central Bank of the UAE on January 29, 2024 made the first cross-border payment for the UAE Central Bank's digital currency 'Digital Dirham' directly with China worth Dh50 million through the 'mBridge', which uses central bank digital currencies (CBDC) for international fund transfers between participating banks, based on distributed ledger technology, also known as blockchain.

Sheikh Mansour made the payment while attending a celebration marking the CBUAE's 50th Anniversary.

The ceremony showcased the progress and development journey that the CBUAE has witnessed over 50 years, during which the apex bank has contributed to strengthening financial and monetary stability and driving the wheel of economic growth in the UAE. This is in addition to launching a package of innovative projects implemented by the Central Bank's subsidiaries within the Financial Infrastructure Transformation Programme (FIT programme) to accelerate the digital transformation in the financial services sector as part of a wider strategy aimed at enabling the CBUAE to be among the top central banks globally.

In his opening speech, Khaled Mohamed Balama, Governor of the Central Bank, praised the support provided by Sheikh Mansour Al Nahyan for fostering a diversified and inclusive financial landscape to empower all sectors and drive inclusive growth. <http://tinyurl.com/38hjh84p>

Commercial Banks' Gallery

HBL Receives GDEIB Award for Second Consecutive Year by GDEIB

The Global Diversity, Equity and Inclusion Benchmarks (GDEIB) recognized HBL as 'The Most Inclusive Organization in Pakistan 2023' for the 2nd year running. The Bank has achieved 'Best Practice' in all 15 categories.

"This award is a testament to the Bank's commitment and efforts towards diversity, equity and inclusion for its staff, clients and communities at large", stated a January 31, 2024 post by HBL on its social media page.

HR Metrics conducts the GDEIB awards on annual basis through a merit-based process in which organizations are given the opportunity to disclose their diversity, equity, and inclusion accomplishments with a focus on social and economic impact on relevant stakeholders.

<http://tinyurl.com/5babfs8z> | <http://tinyurl.com/yc36sudh>

Bank of Punjab and Ahya Technologies Forge Eco-Friendly Partnership for SMEs

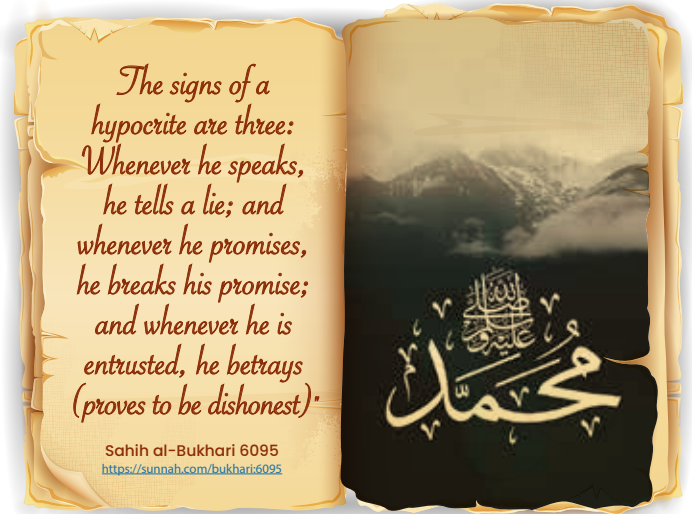
The Bank of Punjab (BOP) and Ahya Technologies (Pvt) Limited joined forces today in an innovative partnership, sealed with a Memorandum of Understanding (MOU) at BOP's Head Office in Lahore.

This collaboration is set to pave the way for the development of AhyaAPI, a state-of-the-art Artificial Intelligence (AI) enabled digital infrastructure designed to assess scope 3 or financed emissions. Targeting the SME sector, the initiative aims to incentivize SME financing and promote sustainable practices. Under the MOU, BOP enthusiastically steps forward as a test participant for the implementation of the groundbreaking prototype crafted by Ahya. <http://tinyurl.com/6du6r8z>

TPL Life Insurance Limited and JS Bank Unite in a New Collaboration

TPL Life and JS bank announced a strategic alliance, underscoring their unwavering commitment towards elevating the well-being of the JS Blink account holders. This milestone collaboration will bring value-added insurance products to JS Bank's digital customer base.

Saad Nissar, CEO of TPL Life, and Atif Salim Malik, COO of JS Bank, signed the agreement at the ceremony on January 27, 2024, accompanied by Humayoon Asghar, Chief Strategy & Retail Officer at TPL Life, and Waqas Anis, Chief Digital Officer at JS Bank. <http://tinyurl.com/5n8se3hv>



Economic Horizons

PSW Integration with IPPC E-Phyto Hub

In continuation of its ongoing integration with the E-Phyto Hub, Pakistan Single Window (PSW) has commenced receiving electronic phytosanitary certificates (e-Phyto) on imports of agricultural goods and commodities.

E-Phyto is exchanged between countries through the e-Phyto Hub of the International Plant Protection Convention (IPPC), and the PSW platform has already been sending e-Phytos on the export of goods since integrating with the e-Phyto Hub in November 2023.

On January 29, 2024, more than 10,000 E-Phyto certificates have been sent to 77 countries against Pakistani export consignments.

PSW has digitalized cross-border trade-related processes of DPP to facilitate trade through the electronic application, processing, and issuance of import permits, release orders, and phytosanitary certificates required for the import and export of plants and plant-related items under national and international laws.

The electronic exchange of the e-Phytos through the Hub eliminates the need for paper submission of the same by traders at the time of customs clearance.

Importers, in particular, stand to benefit from reduced time and costs as release orders from DPP for clearance of their import consignments shall be obtained by simply mentioning the number of E-Phyto certificates in their single declaration (SD) without submission of hard copies.

<http://tinyurl.com/265nxhcu>

SECP issues Islamic Finance Bulletin for 2022-23

The Securities and Exchange Commission of Pakistan (SECP) has issued its first 'Islamic Finance Bulletin' for the financial year 2022-23, aimed at providing up-to-date data, insights into new developments, and a deeper understanding of regulatory reforms in the Islamic financial services industry.

The Islamic Finance Bulletin, additionally, provides essential information on the Islamic financial services industry including Islamic capital markets, non-banking financial institutions, Takaful, and it is also offering a future perspective on SECP policies, regulated sectors, and cooperation, said a press release issued on January 29, 2024.

The SECP has conducted a diagnostic review of Islamic finance in its regulated sectors and subsequently published its report in February 2023, capturing information, data, challenges, and opportunities along with policy recommendations.

Further, it has also been decided to publish quarterly data on Islamic finance, and data on Islamic banking. This Islamic Finance Bulletin, therefore presents a quarterly overview of development in Islamic finance during the financial year ended on June 30, 2023.

Despite facing challenges in economic transformation, Pakistan's Islamic finance sector has made significant progress and now making currently a significant portion of the country's financial landscape.

As per the ruling of the Federal Shariat Court in 2022, to eliminate Riba and transform the economy in five years, has accelerated these efforts, indicating continued growth in the sector.

Moreover, for a comprehensive understanding of Pakistan's complete Islamic financial system, the SECP encourages readers to refer to the 'Islamic Banking Bulletin' published by the State Bank of Pakistan (SBP) available on the SBP website: <https://www.sbp.org.pk/ibd/Bulletin/Bulletin-1.asp>

<http://tinyurl.com/4jk7w3n6>

FBR and Financial Monitoring Unit (FMU) to Enhance Coordination to Combat Illicit Finance

Chairman Federal Board of Revenue Malik Amjed Zubair Tiwana emphasized the need for sustained collaboration between Federal Board of Revenue (FBR) and Financial Monitoring Unit (FMU) for development of quality financial intelligence on tax evasion and its optimal utilization in investigations. The Chairman said this while addressing the concluding ceremony of the FBR-FMU Joint Workshop on Financial Intelligence for Tax Evasion organized with the assistance of FCDO's UPSCALE Programme in FBR headquarters on January 27-28, 2024.

The Chairman FBR congratulated the Directorate General of Intelligence and Investigation-Inland Revenue and the FMU

for organizing the event and desired for further enhancement of this partnership to achieve the unanimous goal of combating illicit finance. Mr Tiwana also thanked Mr Lewis Evans of British High Commission, present at the occasion, for providing assistance in organizing the event.

Ms Lubna Farooq, Director General of FMU, thanked FBR and FCDO and underscored the need for sustained coordination between FBR and FMU for enhancing the knowledge base and promoting mutual understanding for combating tax fraud and tax evasion. This collaborative approach, she said, will enhance the effectiveness of investigations and contribute to a more robust and interconnected framework for combating financial crimes.

The workshop was also attended by the analysts of FMU and investigating officers of the Directorate General of Intelligence and Investigation-Inland Revenue. The workshop focused on identifying and understanding risk areas for financial intelligence on tax crimes.

<http://tinyurl.com/8sv5amnn>



International Economic Roundup

Elon Musk's Neuralink Implants Brain Chip in First Human

The first human patient has received an implant from brain-chip startup Neuralink on January 28, 2024 and is recovering well, the company's billionaire founder Elon Musk said.

"Initial results show promising neuron spike detection," Musk said in a post on the social media platform X on January 29, 2024.

Spikes are activity by neurons, which the National Institute of Health describes as cells that use electrical and chemical signals to send information around the brain and to the body.

The US Food and Drug Administration had given the company clearance last year to conduct its first trial to test its implant on humans, a critical milestone in the startup's ambitions to help patients overcome paralysis and a host of neurological conditions.

In September, Neuralink said it received approval for recruitment for the human trial.

The study uses a robot to surgically place a brain-computer interface (BCI) implant in a region of the brain that controls the intention to move, Neuralink said previously, adding that its initial goal is to enable people to control a computer cursor or keyboard using their thoughts alone.

The implants' "ultra-fine" threads help transmit signals in participants' brains, Neuralink has said.

The first product from Neuralink would be called Telepathy, Musk said in a separate post on X.

The startup's PRIME Study is a trial for its wireless brain-computer interface to evaluate the safety of the implant and surgical robot. <http://tinyurl.com/47hbty4u>

HR TIPS



Making a Big Career Change—When Your Decision Will Impact Others

When you decide to change careers, you often have to grapple with the expectations of important people around you, such as a partner, who may expect you to maintain the status quo. A two-pronged approach can help you think more creatively about your future and honor your responsibilities without allowing yourself to be exclusively defined by other people's needs.

First, create a list of possible future selves and ask your partner to make a list of their own. Then exchange lists and have an open, honest conversation. Exploring how your visions come together or diverge is vital for the viability and growth of both your career and your relationship.

Second, seek feedback from people outside your friends and family. The people closest to you are more likely to give you conservative, protective advice. But people who have less of a personal stake in what you choose to do may be willing to give more even-handed, honest feedback.

(This tip is adapted from *Reinventing Your Career – When It's Not Just About You*, by Herminia Ibarra – HBR.)

Reduce Your Vulnerability to Layoffs

What should you do if you are working under the cloud of impending layoffs? You cannot always control the outcome. But you can reduce your vulnerability by understanding the most common reasons people get laid off and how to defend against them.

A lack of skills advancement. Employees who do not keep up with rapidly changing business needs may be a target. It is crucial to take a proactive approach to developing your skills based on where the market and company are heading.

Being an Overseer, not a Doer. Managers who lack hands-on involvement may be perceived as not directly contributing to execution or outcomes. To become invaluable to your organization, find a balance between strategic leadership and direct involvement in work (without micromanaging your team).

Being Invisible. If senior leaders do not know who you are or what you do, your job could be an easy target. Investing in relationships and visibility can help mitigate this risk.

Offshoring and Automation. To safeguard against these threats, it is critical to stay informed about market trends and assess whether your chosen career is prone to displacement or replacement in the future. If so, you can take early steps to shift paths.

Underperforming. Your manager's perception of your work is everything. If you suspect they are not satisfied with your contributions, request feedback and regularly check in to see whether they agree that your performance has improved.

(This tip is adapted from *5 Reasons People Get Laid Off*, by Marlo Lyons – HBR.)



UNITED FRONT
BY MUSLIM STATES

KASHMIR 5TH FEB
SOLIDARITY DAY

My ... message to our brother Muslim States is one of friendship and goodwill. We are all passing through perilous times. The drama of power politics that is being staged in Palestine, Indonesia and Kashmir should serve as an eye opener to us. It is only by putting up a united front that we can make our voice felt in the counsels of the world.

– Quaid-e-Azam, Eid Message, August 07, 1948

<http://tinyurl.com/3yud96j5>